

# FINANCIAL TIMES

**Dog food theory**

Stock markets love rising cash flows

Personal View, Page 10

**Salesmen**

Need for more than a smile and a shoeshine

Management, Page 8

**India**

Will things fall apart? Can the centre hold?

Page 11

**FT WEEKEND**

The Wasp - the first truly global citizen

TOMORROW

## Investors sought for Telecom Italia ahead of sell-off

The Italian government is asking some of the world's leading telecom groups to take stakes in Telecom Italia ahead of its full privatisation planned for October. Only about 30 per cent of the group - which has a market capitalisation of some 1.7 trillion (\$400bn) - will be offered to the public. The aim is to create a group of long-term shareholders to provide stability for a limited period after privatisation. Companies with which Telecom Italia has alliances or is planning links will be targeted. They include AT&T, Unisource and Germany's Mannesmann. Page 13; Milosovic eyes cash from telecom sell-off, Page 2; Top four agree mobile phone standard, Page 4.

**BASF shares hit:** Shares in German chemicals group BASF fell sharply after the company failed to impress investors with news of a 3.4 per cent rise in interim net profits to DM1.42bn (\$770m). Page 13.

**US production slows:** US industrial production rose a modest 0.2 per cent in July, slowed by a large drop in car manufacturing. Page 3.

**Taiwan agrees \$144m deal with Bell:** Taiwan is to sign a pact with Bell Helicopter Textron under which the US helicopter maker will agree to buy \$144m worth of products from Taiwanese aerospace makers. Taiwan is to buy attack helicopters from Bell. Page 4.

**McVeigh sentenced:** Convicted Oklahoma City bomber Timothy McVeigh was formally sentenced to death in Denver for the bombing of the Alfred P. Murrah federal building in 1995 that killed 168 people.

**Independence day deaths:** At least two people were killed and 20 wounded in Karachi when a crowd stampeded at a rally to mark Pakistan's 50 years of independence. In India, also celebrating independence, seven people were killed and eight injured when a bomb exploded on a railway line in Assam. India's 50-50 record, Page 11; Lex, Page 12.

**13 killed in Kenya riot:** Six Kenyan policemen and seven civilians were killed when mobs burnt down a police station in Mombasa, stole firearms and released prisoners.

**Indonesian rupiah at record low:** The Indonesian rupiah fell more than 6 per cent to a record low against the US dollar as the country's central bank abandoned its attempt to hold the currency within its newly expanded trading band. Page 12; Landscape alters, Page 6; Currencies, Page 25.

**Ka Wah shares up 20%:** Ka Wah Bank shares rose 20 per cent to HK\$13.15 following the announcement that Citic, the Chinese investment company which controls the Hong Kong bank, is considering restructuring its financial division. Page 13.

**Seoul may aid banks:** A possible downgrade in the international credit ratings of South Korean banks forced the government to consider giving the sector financial help. Page 6.

**Japan's post service to cut jobs:** Japan's state-owned postal savings and insurance system has pledged to reduce its work force of 37,000 by 20 per cent in the face of rising pressure to become more efficient and avert privatisation. Page 6.

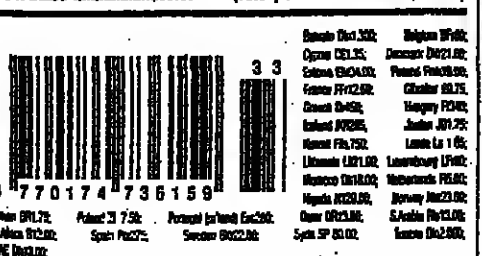
**Argentine unions strike over jobs**



Much of Argentina came to a standstill as trade unions called a strike in protest at high unemployment and the government's free-market economic policies. Protesters (above) set up roadblocks on one of the main routes into Buenos Aires, and in many provinces. Page 12.

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STOCK MARKET INDICES		GOLD	
New York Composite	+12.50	New York Gold	328.15
Dow Jones Ind. Av.	+12.50	London Gold	328.15
NASDAQ Composite	+12.50		
Europe and Far East			
CAC40	+2.21		
DAX	+2.21		
FTSE 100	+2.21		
Nikkei	+2.21		
US LUNCHTIME RATES		DOLLAR	
Federal Funds	5.50%	New York Composite	+12.50
3-mth Treas. Bill	5.50%	Dow Jones Ind. Av.	+12.50
Long Bond	5.50%	NASDAQ Composite	+12.50
Yield	5.50%		
OTHER RATES		STERLING	
UK 3-mo Interbank	7.50%	New York Gold	328.15
UK 10 yr Govt	10.50%	London Gold	328.15
France 10 yr Govt	8.50%		
Germany 10 yr Govt	8.50%		
Japan 10 yr Govt	8.50%		
NORTH SEA OIL (Argus)			
Brent Oil	\$18.50		
Brent Oil	\$18.50		



## Kohl ready for deal on tax

German chancellor signals willingness to make further compromises

By Ralph Atkins in Bonn

Mr Helmut Kohl, Germany's chancellor, yesterday signalled a willingness to scale back substantially government tax reform plans in an effort to overcome a parliamentary blockade by the opposition SPD social democratic party. Interrupting his holiday in Austria, Mr Kohl went further than before in stressing the scope for compromise over reforms which had been designed to yield annual net savings worth DM30bn (\$16.4bn) from 1999. "If we can't do everything at once, then let us

do at least a part so that the country can see a future for itself," he told ZDF television. His comments underlined the seriousness with which he regards the collapse this month of negotiations on tax reform with the SPD, which controls the Bundestag, the second chamber of parliament. The breakdown of the talks had undermined Mr Kohl's political authority by setting back his hopes of introducing significant economic reforms before national elections in September 1998. In addition, the finance ministry fears that without wide-

ranging tax reforms, more German companies will transfer profits abroad and pay less tax at home. The Bundesbank warned yesterday that tax revenues this year were already likely to fall significantly below estimates, increasing Germany's difficulties in meeting the public sector deficit criteria set for members of the planned European single currency. The SPD, meanwhile, reiterated its insistence that the government had to outline concrete new ideas for tax reform. The party has attacked existing proposals as favouring

## US cattle renderers set to sue Brussels for \$100m

By Neil Buckley in Brussels

The US rendering industry is planning a \$100m-plus lawsuit against the European Commission over new meat safety rules designed to control the spread of "mad cow" disease.

Renderers, who boil down carcasses, are preparing to sue Brussels in the European Court of Justice unless it changes rules which could bar US exports of tallow used in products from candles to painkillers. The trade is worth \$100m (\$107m) a year.

The rules, adopted last month and due to come into force in January, ban the parts of cattle - mostly brain and spinal cord - most at risk of carrying mad cow disease, or bovine spongiform encephalopathy, from being used for any purpose including making tallow.

Other US industries affected by the rules are considering joining the lawsuit, which could dramatically increase the potential damages. The National Cattlemen's Association, representing US beef farmers, this week dismissed the EU measures as "crazy".

The US has threatened to complain to the World Trade Organisation. It says the rules have no scientific basis, but in effect force it to bring its slaughterhouse practices into line with Europe's if it wants to continue exporting a range of products. This would mean removing the parts of cattle banned by the EU.

Pharmaceuticals and cosmetics makers, which rely on tallow derivatives such as fatty acids, have warned that a lack of supplies of material meeting the new EU standards could lead to temporary shutdowns of manufacturing and product shortages.

Brussels has ruled out re-examining the rules before a meeting of EU scientific experts on September 8. Mrs Emma Bonino, consumer protection commissioner, made clear this week she believed the ban was justified on health grounds. US renderers

Continued on Page 12

## Remaining team members face daunting tasks to repair damage to Mir

### Successful return to Earth for Russian space crew

By Clive Cookson, Science Editor

Two Russian cosmonauts returned safely to earth yesterday, after one of the most fraught and error-prone missions in the history of space flight.

A Soyuz capsule carrying Vasily Tsibilyev and Alexander Lazutkin parachuted on to the steppes of Kazakhstan, just a minute behind the scheduled touch-down time.

During six months in orbit on board the Mir space station, the two men had survived an unprecedented series of breakdowns and accidents, including a fire and a collision with an unmanned cargo craft.

They smiled at the reception committee of doctors and Russian space officials as they left the cramped capsule, ready to be flown to Moscow for medical tests and debriefing.

Mr Tsibilyev, the mission commander, developed heart trouble in orbit - probably induced by stress. He said he felt "happy to be back on earth".

Earlier the farewell message from Mr Lazutkin, the departing flight engineer, to Mir's three remaining crew members was: "Let's hope that everything that went wrong is leaving with us."

In fact the trio - cosmonauts Anatoly Soloviyov and Pavel Vinogradov and US astronaut Michael Foale - face a daunting series of tasks over the next two months to put right Mir's most serious faults.

A particularly hazardous assignment is scheduled for Wednesday when the cosmonauts will attempt to re-enter the airless Spektr laboratory module. It has been sealed off since being gashed in the collision on June 25, and may contain dangerous floating debris. The men have to re-attach cables to restore power supplies from Mir's solar panels.



Russian crew commander Vasily Tsibilyev (left) and flight engineer Alexander Lazutkin after landing in Kazakhstan yesterday

Another vital repair job will take place next month when the cosmonauts undertake a space walk to repair the hole in Spektr.

Other problems include suspected contamination of Mir's water recycling system and failure of the oxygen generating equipment. The crew is currently using emergency supplies of water and oxygen.

The next relief flight is due at the end of September. The US shuttle Atlantis will visit Mir to remove Mr Foale, who has been on board since May.

and bring fresh supplies. The Russian Space Agency is anxious that its US counterpart, Nasa, should be sufficiently confident about Mir's safety to allow Mr Foale's designated successor, David Wolf, to join the station.

The long-term plan is to keep the 11-year-old Mir occupied for two more years, until its successor, the International Space Station, is well under construction.

## Jardine group investors asked to list shareholdings

By John Ridding in Hong Kong

Jardine group companies have written to their shareholders asking them to report their holdings, the British-controlled conglomerate said yesterday.

The move follows the announcement earlier this month that Mr Li Ka-shing, Hong Kong's most powerful businessman, had taken stakes of 3 per cent in Hongkong Land and Jardine Matheson, two of the conglomerate's main businesses. The acquisitions raised speculation that Mr Li might be preparing a bid or seeking an alliance with the Jardine group.

"There has been fairly heavy trading in the group's shares over the past two weeks," said Mr Neil McNamara, Jardine corporate secretary. "It has been some months since we sent out notices so we thought it was time to update our information."

Mr McNamara said there had been no further disclo-

sures relating to shareholdings in Jardine companies since the announcement of Mr Li's stakes.

According to the Bermuda takeover regulations, which govern Jardine, investors have to make an announcement when they breach the 3 per cent threshold. They then have to disclose each further increase of 1 per cent of the company's shares.

Letters have been sent to shareholders in Hongkong Land, Jardine Matheson, and Jardine Strategic, the holding company which acts as a linchpin in a series of share cross-holdings. Failure to report shareholdings can lead to the loss of voting rights.

More than a week after the announcement of Mr Li's move, his motives remain unclear. Cheung Kong, the flagship group in Mr Li's empire, described the purchases as "friendly and normal". But many in the Hong Kong investment community

believe the purchases foreshadow further moves with the aim of persuading Jardine into a partnership, the sale of a stake or the sale of specific assets. Speculation has included the possibility of a concerted move, as happened in 1987 and 1988 when Mr Li launched an abortive raid on Hongkong Land. Names mentioned include Citic Pacific, the Hong Kong arm of Beijing's flag ship investment group, the Kwok family of Malaysia and Mr Ho Ying-kit, nicknamed "Tobacco Ho", of Hong Kong Tobacco.

Henderson Land, one of the territory's biggest developers and a member of the 1987/88 consortium, dismissed claims that it had accumulated shares in Hongkong Land. Shares in Jardine companies have slipped since an initial surge following news of Mr Li's move. Yesterday Hongkong Land climbed by US\$0.14 to US\$3.36. Jardine Matheson lost US\$0.10 to US\$7.75.

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**IVO GROUP**

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Revolving Credit Facility

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Merita Bank Ltd

ABN AMRO Bank N.V.  
Bayerische Landesbank Girozentrale  
Citibank, N.A.  
Credit Suisse First Boston  
Skandinaviska Enskilda Banken  
Merita Bank Ltd  
Nordbanken  
The Sakura Bank Ltd  
Sveabank - Sparbanken Sverige AB  
WestLB Group

The Bank of Tokyo-Mitsubishi, Ltd  
The Chase Manhattan Bank  
Crédit Agricole Indosuez  
Deutsche Bank Luxembourg S.A.  
Finnish Export Credit Ltd  
Midland Bank plc  
Postipankki Ltd  
Handelsbanken  
Union Bank of Switzerland

Chase Manhattan International Limited

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Merita



## NEWS: EUROPE

Finance group chief accuses rivals of trying to create an 'oligarchy' in row over privatisation

## Business war breaks out in Russia

By Chrystia Frieland in Moscow

The simmering conflict between Russia's once allied leading businesses erupted yesterday as Mr Vladimir Gussinsky, a media and finance tycoon, accused his rivals of seeking to create an "oligarchy".

Mr Gussinsky's outburst follows two controversial privatisations, both won by the powerful Oneximbank group, which have split Russia's once united business elite into fiercely antagonistic camps.

Contradicting previous denials, Mr Gussinsky admitted his Most financial group had participated in a failed bid to buy Svyazinvest, the

recently privatised telecommunications company.

The company went to a consortium led by Oneximbank, in an auction which the winners hailed as a fair and transparent process, intended to break the Russian pattern of insider-dominated self-offs.

But Mr Gussinsky yesterday implied that Oneximbank owed its victory, and its subsequent triumph in the privatisation of Norilsk Nickel, one of the world's leading nickel producers, to what he called a deal with the government.

"Today, more and more crudely, the relations between one of my former colleagues and the govern-

ment are crossing acceptable boundaries," Mr Gussinsky claimed, in a comment clearly targeted at Mr Vladimir Potanin, the Oneximbank chief.

"Openly and directly some politicians are helping him to obtain economic goals. When one player is in a more advantageous position, and part of the government is co-operating with him for political ends, then that is oligarchy," Mr Gussinsky's attack is significant because his comments imply the young reformist ministers in the Russian government have sided with Mr Potanin.

Critics have dismissed his allega-

tions as sour grapes. But whatever Mr Gussinsky's motives may be, it is a clear sign the reform wing of the Russian cabinet, led by Mr Boris Nemtsov and Mr Anatoly Chubais, has lost the backing of the influential Most media group and other top bankers.

In the past, the reformers have enjoyed the enthusiastic support of the Most media machine, an ally which has often been vital in pushing through unpopular change.

Mr Gussinsky also hinted that the struggle between Russia's powerful financial barons will soon move on to the favoured battlefield of Moscow politics, the war of *kom-*

*promat*, or compromising documents. The media chief said new information would become public showing alleged links between Oneximbank and government.

But while Most's verbal volley captured the attention of the Russian media yesterday, it is unlikely to alter Oneximbank's financial victories.

Various inquiries into the legality of the Svyazinvest sale are under way, but Russian officials reiterated yesterday they believed it had been totally above board. Privately, Most executives conceded the sales were unlikely to be overturned.

## Ireland's Auntie May wins plaudits

Independent body managing national debt has been a big success, writes John Murray Brown

The recent decision by the British government to have off the servicing of its sovereign debt to an independent body may well have taken its inspiration from across the water, from Ireland's National Treasury Management Agency.

For the NTMA, or Auntie May as it is sometimes known, has been one of the main factors in Ireland's recent economic success.

Ireland's 1996bn (\$49bn) debt, once seen as an impediment to its joining the planned European single currency, has fallen from 125 per cent of gross domestic product in 1985 to 72.4 per cent at the end of 1996, when the NTMA achieved the first fall in the size of the debt in 40 years.

According to the European Commission it is "approaching" the 60 per cent ratio required to participate in monetary union.

The improvement is a function of the strong performance of the economy, delivering stronger revenues at a time when no new debt was taken up. But Mr Michael Somers, NTMA chief executive, says the government's decision to create the agency was vital in restoring Ireland's credit rating - which will become even more critical with the advent of the euro, when Irish debt will account for just 1 per cent of the total bond market.

"It will be like selling detourments, with everyone selling the same product," says Mr Somers.

Last year, the agency handled £12.5bn, four times the national debt, as loans were rescheduled, bonds bought back and sold and currencies swapped, all in an effort to reduce the cost of servicing it. It has not all been plain sailing. During the currency crisis of 1992, the NTMA was

instructed to build a war chest, putting in place £4bn in credit lines to defend the Irish pound from speculators.

According to one important measure - the percentage of the national tax take that is consumed in servicing the debt - the NTMA is making good progress, although Mr Somers concedes it is difficult to make an objective assessment of performance.

Officials from several central European countries as well as some fellow EU members have visited the NTMA to see how it is done.

The Portuguese agency has admitted to modelling itself on the Irish agency, and now Mr Gordon Brown, the UK Chancellor (finance minister) - who visited the NTMA when in opposition - appears to be moving to some form of "arm's length" management of the British debt. When Ireland first con-

Ireland: managing the nation's debt burden



Source: NTMA

Michael J. Somers, chief executive

Source: NTMA

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## Dana's campaign to be president takes a knock

By John Murray Brown in Dublin

The Roman Catholic Church at Knock, Ireland's most famous Marian shrine, yesterday denied it had refused permission to the singer Dana to use the site to launch her campaign for the Irish presidency.

Nonetheless, Monsignor Dominic Greely, the local priest running the county Mayo shrine, scene of an apparition of the Virgin Mary in the last century, said he would not want to see Knock as a "launching pad for anybody".

"I have always tried to keep Knock as a place of peace and reconciliation. I would never want to see Knock as a launching pad for anybody or any group," Mr Greely told RTE.

Together with Mr Albert Reynolds, the former prime minister, and two Fine Gael women politicians, Dana, the Londonderry-born singer who won the Eurovision Song Contest in 1970, has declared her ambition to succeed the popular Mrs Mary Robinson, who is taking up a job at the United Nations.

With Mr John Hume, Northern Ireland's best known Catholic politician and the bot favourite, still to make up his mind, Dana's



Dana: singer with ambitions to succeed Mary Robinson

candidacy is attracting widespread media coverage even in the serious Irish press.

Launching her campaign in Dublin this week, she was supported by pro-life and anti-abortion activists. But few Irish believe she can muster the necessary 20 members of parliament to secure a nomination.

Moreover, the Church's stance at Knock is an indication that the hierarchy has no intention of endorsing her campaign, despite her Catholic views.

Dana currently lives in Alabama and has her own cable television show, singing for the US "bible belt". Her "blow-in" approach has elicited some vitriolic commentary from liberal newspaper commentators such as Mr Fintan O'Toole of the Irish Times, who described Dana as "nearly famous" and pointed out that the Church was in such poor shape that "even Dana seems a resonant charismatic figure".

"At least when Tony Blair snuggled up to Oasis, or when Garret FitzGerald aligned himself with Bono, the borrowed garment in which they were wrapping themselves had the virtue of being genuinely chic. If you have to rummage in the cupboard of cable TV in the bible belt, you must be pretty naked."

Nominations have to be in by the end of September for an election scheduled for October 30.

## Turks to free some jailed editors

By John Barham in Ankara

Turkey is to free some of its prisoners of conscience, jailed for violating the country's strict security laws, under a law passed by parliament early yesterday.

More than 150 prisoners of conscience languish in Turkish jails, about half of them journalists. According to the New York-based Committee to Protect Journalists (CPJ), there are more journalists in jail in Turkey than any other country. The new law releases "responsible editors", who by law are liable for every article published by their newspapers.

Most of the editors were sentenced for publishing articles that questioned the state's suppression of Kurdish nationalism. Turkish security forces are fighting a war which has lasted 13 years against guerrillas of the Kurdistan Workers party (PKK).

Over the years, parliament has enacted strict laws that allow writers, cartoonists and publishers as well as journalists to be jailed for spreading "separatist propaganda" in reporting the insurgency.

Although the government enacted the new law under pressure from the CPJ and other international human rights campaigners, it is unlikely to meet their objections fully. Under the law, the writers could be returned to jail if they repeat within three years the offence for which they were jailed.

Turkish human rights workers have complained that the law merely relaxes some of the restrictions on freedom of expression, rather than lifting controls altogether.

Turkey's Human Rights Foundation says there are 154 laws and regulations limiting freedom of expression. Even Mr Yasar Kemal, Turkey's greatest living writer, who is of Kurdish origin, has been convicted under the terrorism laws.

However, Mr Bilent Ecevit, deputy prime minister, told a CPJ delegation last month: "The first step is the release of journalists and writers in jail. We will take firm steps to end the practice of beatings and torture, especially against journalists."

## Milosevic eyes cash from telecom sell-off

By Matej Vipotnik in London

Serbia's cash-strapped government is using the funds it received from the sale of a stake in a telephone utility to pay pension arrears and garner political support ahead of next month's parliamentary and presidential elections.

Demonstrating pensioners, thousands of whom gathered in Belgrade yesterday, were the latest group to benefit from the sale in June of a 49 per cent of Serbia Telecom. The government announced that DM100m (\$54.3m) would be set aside to pay for pension arrears.

The sale to OTE of Greece and Stet of Italy yielded DM1.6bn, and 80 per cent of the amount was immediately deposited into the state development fund, with the remaining amount to be deposited by January.

The government had pledged to use all of the money to spur structural reform of the industry, but it

is now using the funds to reinforce its grip on the electorate. Pensioners and industrial workers are traditionally partial to the ruling party.

Mr Slobodan Milosevic, who recently switched from the presidency of Serbia to that of Yugoslavia, is trying to ensure victory for his governing Socialist party in the September 21 elections.

The state ownership fund has lost no time in disbursing the proceeds from the sale.

According to a report in the Belgrade daily Economic Review, loans totalling DM840m have already been extended to export-oriented industries.

A look at the list of loans made so far betrays the lack of strict criteria. While DM248m was extended to various export-oriented industries, of the remaining funds DM78m was spent on the purchase of the 1997 wheat crop, DM54m on cattle

breeding programmes and DM20m on fruit exports. In an attempt to boost the agricultural export sector, the countryside has generally been a bulwark of support for the regime of Mr Milosevic.

"The government is using the market to sell shares, and then using the money to avoid reform," says Mr Jonathan Ayal, director of studies at the Royal United Services Institute.

The sales are "completely related to Milosevic's long-term electoral calculations", he says.

Taping international capital markets has been made difficult for Yugoslavia by US-imposed sanctions. If the self-off of family silver proves insufficient, the economic planners in Belgrade have devised a plan to privatise 5,000 small and medium-sized businesses this autumn.

Shares in the companies are to be given and sold to their employees.

## Brussels warns over Telefonica TV plans

By David White in Madrid and Emma Tucker in Brussels

The European Commission has warned Telefonica, the Spanish telecommunications group, not to press ahead with controversial television plans until they have been cleared on competition grounds.

The warning came ahead of meetings on Monday between shareholders of Antena 3, the TV channel which Telefonica is set to control, and Audiovisual Sport, the company which holds the rights for broadcasting Spanish football league and cup matches from the forthcoming season onwards.

Last month's government-backed initiative by Telefonica to purchase a 25 per cent stake in Antena 3, the maximum allowable stake, brought a radical change in the battle over the development of digital satellite TV in Spain, which has been at the centre of a bitter political debate about media control.

Antena 3 jointly controls Audiovisual Sport with Sogetel, the company

which runs Spain's existing digital TV operation, Canal Satélite Digital.

The Catalan regional broadcaster TV3 has a smaller stake. Sogetel's main shareholders are the Frisa media group and the French company Canal Plus.

A rival digital venture, Via Digital, is due to start broadcasting in September, with Telefonica as its chief shareholder alongside the state broadcasting authority RTVE and other partners.

The purchase, in a Ptas62.5bn (\$400m) operation alongside the Santander and Central Hispano banking groups, provoked a complaint in Brussels from Canal Satélite Digital for abuse of dominant position.

The Via Digital venture wants to acquire pay-per-view rights for football matches from Audiovisual Sport, breaking the latter's current agreement with Canal Satélite Digital.

Earlier this year the government moved to prevent Canal Satélite Digital from monopolising football rights, introducing legislation to force it to share them with other TV channels. Antena 3

said yesterday it was going ahead with its Monday meeting as planned. Telefonica notified the Spanish securities commission a week ago it intended to nominate a majority of Antena 3's board.

In a sternly worded note, the Commission said it "would not accept being faced with a fait accompli" and was prepared if necessary to reverse any of the decisions taken at Monday's meetings.

It was acting in response to two complaints it has received from Canal Satélite Digital. It also ordered its warning to be circulated to board members and shareholders of both Antena 3 and Audiovisual Sport, and requested Telefonica to notify Brussels immediately of any decisions affecting the case.

The Commission has no power to stop the moves by Telefonica in advance, but could challenge them afterwards under EU competition rules. "This letter is a warning to Telefonica not to go ahead with decisions that we might find difficult to accept," said a Commission spokesman.

## EUROPEAN NEWS DIGEST

## Slovak parties to fight PM

Slovakia's exclusion from the first wave of Nato enlargement and the first round of European Union entry negotiations has prompted five Slovak opposition parties, concerned at their country's increasing international isolation, to join forces to fight the prime minister, Mr Vladimir Meciar, and his three-party nationalist coalition at the next general election.

The Slovak Democratic Coalition (SDK) brings together Christian Democrats, Social Democrats, Liberals and the Green party in what is the most significant development in Slovak politics since Mr Meciar took office in late 1994. The next Slovak general election is due by September 1998, but is widely expected to be held next spring.

A recent opinion poll gives Mr Meciar's three-way coalition a rating of 37.3 per cent, with the SDK on 34.2 per cent. President Michal Kovac, whose term in office expires next March, recently said: "Slovakia will never get into Nato and the EU under Meciar and his government."

Joe Cook, Prague

## ■ ALBANIA

## Police retake Vlore

The new Albanian government announced yesterday that its police had retaken control of the important southern port of Vlore. Officials also reported that they had arrested several suspected followers of the most powerful Vlore warlord, Mr Lefter Zani, after surrounding his stronghold in the Cole district of Vlore. It is not clear however if they have managed to capture Mr Zani himself. Earlier in the week, he said that he controlled "25,000 weapons", and vowed to fight to the last against any moves by the state against him.

Mr Neritan Ceka, interior minister, claimed yesterday: "We have neutralised and eliminated several gangs in the town and life is progressively returning to normal." Since the Italian-led international peacekeeping force withdrew over the weekend, around 12 people have been killed in shooting incidents.

Anatoli Liven

Editorial Comment, Page 11

## ■ PARIS POLLUTION

## Tougher car controls likely

The French government is considering imposing tougher controls on car emissions after several consecutive days of pollution alerts in Paris and France's main cities. "I would like France to adopt an 'eco-tax' on energy and carbon dioxide," said Ms Dominique Voynet, environment minister, in an interview with the *Figaro* newspaper. Last Tuesday pollution in Paris reached a peak at level two on a scale of three.

At level three, local authorities can ban motor vehicles from city centres. The Paris police department yesterday said it would maintain speed curbs imposed earlier in the week in an attempt to reduce emissions. Although winds yesterday dispersed the pollution over Paris, several large cities remained on alert.

Samer Iskandar, Paris

## ■ CYPRUS

## Serbian bank authorised

Cyprus has authorised Vojvodjanska Banka of Serbia to operate as the 39th offshore bank on this eastern Mediterranean island, the central bank said yesterday. The new bank, whose activities are limited to foreigners and operations outside Cyprus, had assets of nearly \$4.97bn in June, according to the central bank. The date has not yet been set for the start of operations in Nicosia, said a representative, Mr Zoran Stangovic, adding that the bank has branches in Frankfurt, London and Moscow.

Russian and Serbian deposits account for more than half the assets deposited in Cyprus.

AFP, Nicosia

## ■ MONTENEGRO ELECTIONS

## Court bars president

The constitutional court of Montenegro yesterday dealt a bitter blow to a hardline faction of the ruling DPS party by banning its candidate, the current head of state, Mr Momir Bulatovic, from the autumn presidential race. Political tensions increased after the Montenegrin Electoral Commission earlier this week cleared President Bulatovic to run for the October 5 elections.

This meant he would take on the prime minister, Mr Milo Djukanovic, although they are both in the ruling Democratic Party of Socialists. The move violated the law that one party can have only one presidential candidate. One DPS faction, headed by Mr Djukanovic, engineered Mr Bulatovic's removal last month from the post of DPS president, accusing him of taking orders from Serbia, the other, more populous and powerful republic in federal Yugoslavia.

"Bulatovic's options are now limited to two - he can either run as an independent candidate or register his faction as a new party," an official close to the Election Commission said.

Reuters, Podgorica

## ■ TURKEY

## Kurdish leader called up

Turkey has called on Mr Abdullah Ocalan, the Kurdish separatist rebel leader, to return to the country to do his military service or face losing his citizenship. Mr Ocalan, who has led a violent campaign by the Kurdistan Workers party (PKK) for Kurdish self-rule from Turkey since 1984, was among those listed in a government warning published in the official gazette on Wednesday, which threatened those who did not return to do military service with loss of Turkish citizenship.

Mr Ocalan, who has been missing since 1980, ordered the PKK's first violent action 13 years ago with an attack on two gendarme posts in the mainly Kurdish south-east. Since then more than 26,000 people have been killed in the ensuing conflict with the Turkish security services. Mr Ocalan is alleged to reside in the Syrian-controlled Bekaa Valley in Lebanon. He was not known to have personally taken part in any of the PKK's attacks.

Reuters, Ankara

## ECONOMIC WATCH

## Swedish output up 1.5%

Sweden's industrial production rose at a seasonally adjusted rate of 1.5 per cent in May from April, and by 4.8 per cent from May 1996, the Swedish Central Bureau of Statistics announced on Thursday.

The May increase comes on the heels of a revised 2.9 per cent decline in April from March. Production in the investment goods sector rose by 1 per cent from April to May, as did production in the capital goods industry. The SCB said. In the three months to May, output climbed by 0.8 per cent from the previous three-month period.

The seasonally-adjusted official index (base 100 1990) for May is 124.6, compared with 122.7 in April.

Source: Datastat

مركز الأمل



## Jobs on the line at Ontario Hydro

Only one thing seems certain from the extraordinary events in Canada's nuclear industry this week - Mr Allan Kupcis, former chief executive of Ontario Hydro, North America's biggest electric utility, will not be the only casualty.

Mr Kupcis resigned on Wednesday after an independent report into Ontario Hydro's nuclear power operations found the company was operating its nuclear plants at barely acceptable levels of safety.

It is the most damning report about a "first world" nuclear industry since the one which prompted the Tennessee Valley Authority in the mid-1980s to shut its nuclear plants because of safety concerns.

The TVA, however, was not the leading nuclear operator in the US. Ontario Hydro is Canada's leading operator. It is Canada's nuclear industry.

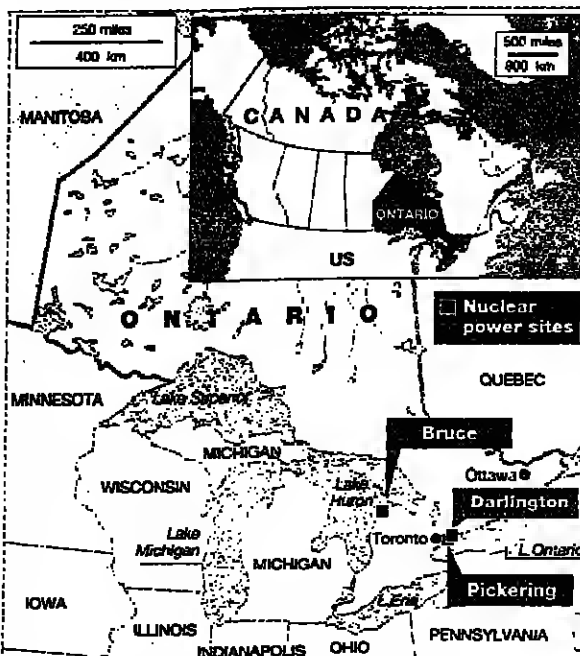
Of the nearly 15,000MW of nuclear plant on the Canadian grid, Ontario Hydro owns 13,288MW.

As one observer noted yesterday: "What is extraordinary is that these guys were considered among the world's best only five or six years ago."

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that NPAG had highlighted how the company had slipped into a "protected culture", one that did not "sense the urgency of things".

The NPAG report has already claimed one senior executive at Ontario Hydro. If new management is as forthright in following the report's recommendations then more job losses will surely follow.

It will not, however, have to increase prices or reduce output. In the short term it plans to replace the shut-down nuclear capacity by increasing its utilisation of coal fired stations, and bring back decommissioned coal burners.

That, however, will depend crucially on the ability of Ontario Hydro's management to absorb the tough lessons of the report.

## UPS strike talks resume

By Mark Suzman in Washington

At the urging of the White House, officials from United Parcel Service, the largest US parcel carrier, and the striking Teamsters union resumed talks with a federal mediator yesterday.

The two sides were meeting for the first time since talks to end the 11-day strike broke off at the weekend. Since then Ms Alexis Herman, US labour secretary, has held discussions with both parties to persuade them to return to the negotiating table.

President Bill Clinton has been resisting calls from UPS management and other business groups to intervene directly in the dispute, and Ms Herman said the administration remained optimistic that an early solution could be found.

## Brazil boost on spending

The lower house of the Brazilian Congress has approved an extension to the Fiscal Stabilisation Fund, marking another victory in the government's efforts to keep public spending under control.

Deputies voted 342 to 121 in favour of the bill, which gives the government control over a fund of revenues worth about R\$25bn (US\$2.5bn) a year, which under the constitution is supposed to be automatically passed on to states and municipalities.

The FEF was first introduced in 1994 as an emergency measure. However, the failure to push through longer-term fiscal reforms has made the fund a crucial instrument in controlling public expenditure. It has now been extended until the end of 1999.

## Modest rise in US industrial output

By Nancy Dunne in Washington


US industrial production rose a modest 0.2 per cent in July, slowed by a large drop in car manufacturing and smaller declines in textile, clothing and food output.

At the same time inflation stayed subdued. Consumer prices advanced 0.2 per cent, after 0.1 per cent gains in the preceding three months, according to the Labour Department.

Even wage inflation, a concern on Wall Street, may be less than earlier reports suggested. Real average weekly earnings, seasonally adjusted, fell 1 per cent from June to July for production and non-supervisory workers on private non-farm payrolls.

Morgan said the data were not yet sufficient to justify that judgment. Large increases occurred in the manufacture of aircraft, computers and semiconductors, and output surged by 1.5 per cent at utilities, driven by heavy demand for air conditioning in July's humid weather.

With capacity growing at an impressive 4.2 per cent due to relatively strong capital spending, the manufacturing sector remains far from any danger in reaching a capacity limit.



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Europe's leading telecommunications companies throw weight behind new UMTS system

# Top four agree mobile phone standard

By Greg McIvor  
in Stockholm

Europe's four biggest suppliers of telecommunications network equipment - Ericsson of Sweden, Finland's Nokia, Siemens of Germany and France's Alcatel - yesterday threw their weight behind a new common European standard for the next generation mobile telephones.

The move raised the stakes in a transatlantic battle in the cellular telecoms

market between rival European and North American suppliers competing to supply the technology which will eventually succeed GSM, the de facto world digital standard for mobile networks.

In a joint statement, the four European groups pledged support for a new wideband system called UMTS which is capable of supporting mobile transmission of data and multimedia applications such as the internet and

electronic mail. Compared to the wideband system, GSM has less capacity to transmit data.

GSM is the world's leading digital mobile standard and is preferred across Europe and much of Asia, with more than 49m subscribers in some 130 countries. UMTS - Universal Mobile Telecommunications System - is seen by the companies as the best choice for a pan-European digital mobile specification to succeed GSM.

However, it faces competition from US companies such as Lucent and Northern Telecom, which support alternative standards.

The European telecommunications standardisation body, ETSI, is due to decide later this year which standard it prefers.

If it is accepted, commercial services based on UMTS are expected to be launched in 2002.

Yesterday's announcement

was a fillip for Ericsson, Europe's largest telecom infrastructure supplier, and Nokia. They announced earlier this year their intention to co-operate on developing a new international wideband digital standard.

The four groups stressed UMTS would, in effect, be added on to existing GSM systems. They said this would cut costs for network operators wanting to upgrade their infrastructure to handle wideband calls.

"We are doing this not just because it is good for the suppliers, but also because its operators will be able to use existing GSM networks for the next generation [mobile technology]," Ericsson said.

UMTS would also be compatible with the new Japanese wideband mobile standard (W-CDMA) which is currently in development, raising the prospect of an integrated mobile network stretching from Europe across Asia.

## Taiwan in \$144m offset pact with Bell

By Laura Tyson in Taipei

Taiwan will sign a pact with Bell Helicopter Textron today under which the US helicopter maker will agree to buy US\$144m worth of products from Taiwanese aerospace makers.

The industrial offset deal, which follows a Taiwan government decision to buy \$479m worth of attack helicopters from Bell, is expected to boost Taiwan's fledgling aerospace industry. Taipei is keen to foster a domestic aerospace industry, and is focusing efforts on developing aerospace components manufacturing capabilities as well as maintenance facilities.

In late July, the US defence department said Taiwan wanted to buy \$479m worth of 21 Super Cobra attack helicopters and supporting equipment along with technical expertise.

Bell Helicopter, a subsidiary of Textron, is the world's largest helicopter maker with 58 per cent of the global helicopter market. In October 1995, Bell Helicopter started a joint venture maintenance plant with Taiwan's unlisted Air Asia in the southern city of Tainan, to serve the booming Asian and Taiwan markets. The plant also functions as Bell's maintenance centre for both civil and military helicopters in the Asia-Pacific region.

Dragon Airlines, the Hong Kong-based regional airline, yesterday announced an upgrade of its Airbus fleet which could more than double its size over the next four years, writes John Ridd in Hong Kong.

From February next year, the airline will start replacing its seven leased Airbus A320-200s with new leased A320s, said Mr Stanley Hui, chief executive. The airline also has orders or options to lease further A320s from International Lease Finance Corporation, or to buy further aircraft.

## China insurers help on exports

By James Harding in Shanghai

The People's Insurance Company of China (PICC), the leading state insurer, has signed an agreement to underwrite \$78.9m in export credit insurance for the sale of five ships to Iran, by the Beijing arm of Catic (the China National Aero-Technology Import and Export Corporation).

The PICC agreement, reported yesterday in the China Daily, the official government newspaper, underlines the growing importance of China's relatively young export credit service in increasing overseas sales for some of its state-owned heavy industries. Export credit insurance is intended to encourage exports to developing markets by protecting exporters from default on payment.

With the PICC insurance agreement in place, Catic can apply for an equivalent sum to export sellers' credits from the Export and Import Bank of China (IEBC).

Last month, China's state media reported that the IEBC signed an export credit agreement with an Iranian bank for the export of a complete set of X-ray film production equipment worth \$30.6m.

The PICC began export credit insurance as a pilot project in 1989 and has since provided cover for \$10bn worth of exports. However, a recent report from the Chinese Academy of Social Sciences (CASS) suggested that China needed to expand its export credit insurance services faster to keep pace with foreign trade.

According to CASS's Institute of Finance and Trade Economics, just 1.1 per cent of Chinese exports are guaranteed by export credit insurance and only 2.7 per cent of the foreign trade companies are insured exporters.

## China's old wine comes in new bottles

Shaoxing's vintners take a competitive position in a modern market, James Harding writes

There are three ancient drinks in the world, according to Mr Yue Longsheng, president of Shaoxing Yellow Wine Group. "There is beer from Germany, wine from France and Chinese wine from Shaoxing."

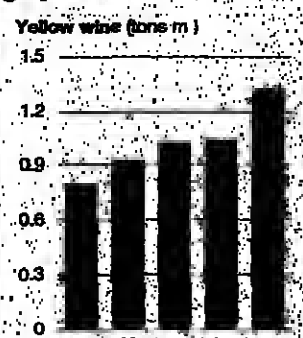
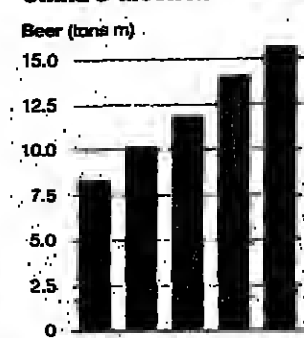
The first records of commercial rice wine production in the small town on China's east coast date back more than 2,600 years, making Shaoxing the Champagne region of yellow wine.

The historical pedigree has put the local vintners in a peculiarly competitive position in China's modern alcohol market: while brewers of beer and grape wine have been deluged by foreign companies scrambling for the increasingly prosperous and thirsty Chinese consumer, the rice wine makers have enjoyed the benefit of economic liberalisation, picking up foreign sales and marketing techniques without having to face head-on foreign competition.

Alcohol consumption has risen with levels of affluence in China, now the world's second biggest beer market after the US. In 1995, the Chinese drank 11bn litres of beer, 267m litres of wine and 7bn litres of grain spirits, according to a study by market analysts Euromonitor.

However, Chinese and for-

China's alcoholic beverage production



home its strongest distinction: "We are a company with a long history and a good name."

Nostalgia is becoming a selling-point for other businesses in China, not least those industries in Shaoxing linked to the local vintners. The Prosperity Tavern was made famous by Lu Xun, a celebrated Chinese writer this century, who described the old public house as it was 100 years ago.

"As you enter, there is a bar in the shape of a carpenter's square where hot water is kept ready for warming rice wine. When men come off work, they spend four coppers on a bowl of wine... and drink this warm, standing by the bar, taking it easy. Another copper will buy a plate of salted bamboo shoots or peas flavoured with aniseed."

At that time, Lu Xun's fictional character, Kong Yiji, a disolute local intellectual, was a regular at the bar. Today, a bronze statue of the impoverished old man stands in front of the tavern and draws customers.

Today, the Prosperity Tavern remains true to Lu Xun's description, and Mr Song Jincui, general manager and chairman of the Prosperity Group, plans to create a chain of the traditional hostilities across

China.

The group aims to open 20 traditional themed restaurants by the end of 1998. The first of these Prosperity Taverns is due to start up in Shanghai next year.

"Love of Chinese wine is deep-rooted in the minds of Chinese people," Mr Song says, "and when you step into the old world of Shaoxing... nostalgia will help sell Shaoxing wine." Like Shaoxing Yellow Wine, the Prosperity Group believes "there is no chain yet of traditional Chinese restaurants; there is no real competition."

Both know their lucrative niches may not last. Mr Yue accepts that other regions or other countries may eventually try to challenge Shaoxing for market share, but "just as a lot of countries produce wine and the wines of France remain the best, so the best Chinese wine will still come from Shaoxing."

Their challenge, Mr Yue says, is not foreign rivals, but the drinking habits of China. "Beer and wine makers have a lot of problems from foreign competition, but there are no foreigners with yellow wine expertise. Our problem is guiding consumers away from other drinks and towards traditional Chinese wines."

sign brewers have struggled to realise substantial profits in a heavily over-supplied market. There are roughly 800 domestic breweries, mostly small, local and loss-making enterprises; leading foreign beer brands, such as Budweiser, Carlsberg and Fosters, have invested heavily to penetrate the Chinese market but still take only a fraction of national sales.

The Chinese yellow wine market, on the other hand, is less crowded, profitable and growing fast. Last year, 1.28m tonnes of yellow wine was produced in China, against 750,000 tonnes five years earlier.

Shaoxing Yellow Wine controls over half the mainland Chinese market for

high quality Chinese wine and faces little likelihood of challenge from foreign competitors with no experience of traditional Chinese wine-making. It expects sales to more than double from Yn190m (\$22.9m) in 1994 to more than Yn400m this year.

Mr Yue says that as "lifestyles improve, people lift their habits and they start drinking high quality traditional Chinese wine", but he adds that increasing affluence alone does not explain the rising profits at Shaoxing Yellow Wine.

"Because of more competition in the beverages market, we have picked up new habits on advertising and brand management," he explains. Over the past three years, Shaoxing has

increased its advertising budget from 1 per cent of sales volume to 5 per cent; it is expected to grow further.

Shaoxing has started sending its most promising sales and marketing managers overseas for a training period each year, to learn promotional skills from a leading Japanese drinks group. Like other international brewers operating in China, it has promoted its brand through sports sponsorship.

The content of Shaoxing's brand awareness campaigns is more traditional than the upbeat advertising messages from its competitors producing beer. Mr Yue says China is becoming increasingly brand-conscious. To succeed, Shaoxing needs to press

## NEWS: INTERNATIONAL

# Morocco's Hassan shuffles cabinet

By Roula Khalaf in London

Morocco's King Hassan II has appointed technocrats to head several ministries in a cabinet reshuffle that also saw four women take over as secretaries of state.

The reshuffle followed the King's decision earlier this month to dismiss 19 of the 36 ministers to allow them to focus on their electoral campaign in the run-up to legislative elections expected by October.

Officials yesterday lauded

the new cabinet, announced late on Wednesday, as one of Morocco's strongest and the first in which portfolios have been allocated to women. But some opposition leaders dismissed it as a gimmick.

The new appointees include Mr Omar Azhman, a former minister of human rights, who becomes minister of justice, and Mr Driss Benkhima, director of the national electricity office, who takes over a ministry grouping tourism, transportation, energy and mining.

The finance ministry, meanwhile, has been consolidated with commerce and industry, under the direction of Mr Driss Jettou.

Officials said yesterday the appointment of technocrats and the grouping together of several ministries - the new cabinet includes 16 ministers and 10 secretaries of state - is a clear indication that the King wants a smaller government, with energetic personalities to ensure an efficient management of the transition. The heavy elec-

toral calendar this year - which started in June with communal elections - is perceived to have further slowed social and economic reforms.

According to some analysts, however, the new cabinet may also be intended as a signal to the opposition to fall in line or see the elections postponed. The opposition Socialist Union of Popular Forces (USFP), in particular, has criticised the conduct of the communal elections.

"This is a government that is open to all options; it is intended to effectively manage the transition or stay for a longer period if elections are pushed back," said an analyst close to the opposition.

"The cabinet is not important - what is important is whether the elections will take place," said a USFP official yesterday. "Good government is not made of good technocrats, but of a particular kind of policy and of people who have political

legitimacy."

King Hassan intends the elections to mark Morocco's transition towards a more democratic system. Earlier this year, Mr Driss Basri, interior minister, signed an agreement with opposition parties committing the government to a fair poll for the first time. But while direct interference from the interior ministry was reduced in the June communal elections, some opposition parties have attacked their conduct and results.

## INTERNATIONAL NEWS DIGEST

### Albright will visit Israel

Mrs Madeleine Albright, US secretary of state, has decided to travel to the Middle East but the trip may not take place before September, the state department said yesterday. Mr James Rubin, the state department spokesman, said the date would depend on the results of security co-operation between Palestinians and Israelis. Mrs Albright will also visit other countries in the region, he added.

In a speech on August 6 marking new US commitments to save the peace process, Mrs Albright said she was prepared to make her first trip to the Middle East if progress was made on security, following the double suicide bombings in Jerusalem more than two weeks ago. Mr Dennis Ross, the US Middle East peace envoy, returned to Washington this week after a four-day mediating mission, in which the only visible achievement was the setting up of a joint Israeli-Palestinian security forum which includes US officials.

Mr David Bar-Ilan, chief spokesman for Mr Benjamin Netanyahu, said Israel was "encouraged" by the "businesslike atmosphere" at meetings in recent days between Israeli and Palestinian security officials. *Ami Machlis, Jerusalem, Reuters, Washington*

### SANCTIONS PROPOSED

#### UN threatens Unita action

The UN Security Council is "on course" to impose sanctions against Mr Jonas Savimbi's Unita movement if it continues to obstruct peace efforts in Angola, officials said last night. Members were waiting for a report, due today, from Mr Kofi Annan, the secretary-general, before considering measures that could include travel restrictions, a tightened arms embargo and possible actions affecting diamond mining.

The UN, which has 3,500 peacekeepers in the country, has accused Mr Savimbi of blatantly under-reporting Unita troop strength. Political elements of the peace process, including normalisation of the state administration, have also been obstructed.

The UN observer mission in Angola has been repeatedly harassed in Unita-controlled areas and UN personnel, along with those of international humanitarian agencies, have been roughed up. In a statement last month, the Security Council voiced concern that tension in the North was spreading. *Michael Littlejohn, UN, New York*

### IRAQI SHAKE-UP

#### Saddam appoints general

The Iraqi opposition reported yesterday that the Iraqi strongman, Mr Saddam Hussein, has removed his son Qusay as commander of the Special Republican Guard, responsible for security in Baghdad.

The London-based Iraqi National Congress said Major General Kamal Mustafa al Tikriti, the most prominent professional officer among Mr Saddam's immediate family, had taken over from Qusay.

The INC said the move was part of Mr Saddam's recent efforts to reshuffle the security apparatus, following last December's failed assassination attempt against his son Uday, who is said to have been critical of Qusay's handling of security in Baghdad.

Mr Saddam is reported to have recently replaced the heads of military intelligence, public security and police. *Roula Khalaf, London*

## Abkhaz leader visits Georgia

By Anatol Lieven in London

The leader of the Georgian separatist region of Abkhazia, Mr Vadislav Ardzinba, made a surprise visit to Georgia yesterday for the first time since the start of the Georgian-Abkhaz War.

He held talks with with Georgian President Eduard Shevardnadze, who on Monday declared: "Negotiations to finding a solution are entering their final phase." No immediate results of the talks were announced, however. In 1993, the Abkhaz in effect separated from Georgia after winning a crushing military victory, allegedly with Russian help.

Since 1994, a Russian peacekeeping force has patrolled the border region between the two countries. For the past five years, Russia has also imposed a crippling economic blockade on Abkhazia, which Moscow officially regards as still part of Georgia.

Mr Ardzinba visited Tbilisi yesterday in the company of Russia's foreign minister, Mr Yevgeny Primakov, who said: "Russia is doing everything to end this conflict which has taken the lives of so many people. Those who think Russia is not doing enough are mistaken."

Russian efforts to find a solution to the conflict have been galvanised by new American interest in the Transcaucasus. Last month,

Mr Shevardnadze visited Washington and claimed to have received promises of American support for an international peacekeeping force to replace Russian troops under CIS auspices. Their mandate officially expired on July 31.

Privately, however, US officials are adamant that American forces would not take part. Georgia has agreed that the Russian peacekeepers should stay until a decision can be made by a summit of the Commonwealth of Independent States. International officials fear that if the peacekeepers withdrew without a settlement, the war could resume.

Moves for a Georgian-Abkhaz settlement have previously broken down over two issues: Abkhaz sovereignty, and the return of Georgian refugees who fled from Abkhazia in the closing stages of the war.

Mr Ardzinba's government has offered a confederation with Georgia, but the Georgians insist on the restoration of an integral state, though with full Abkhaz autonomy.

The Georgians also demand the return of all Georgian refugees - numbering more than 250,000 - to their former homes. The Abkhaz know they would then be outnumbered by Georgians, who before the war numbered 45 per cent of Abkhazia's population to the Abkhaz 19 per cent.

## Tribunal detains Kambanda

Mr Jean Kambanda, the former prime minister of Rwanda, accused of presiding over the government which perpetrated the 1994 genocide in Rwanda, has had his detention extended by 30 days by a tribunal in Tanzania. Reuters writes from Arusha, Tanzania. Prosecutors said the extra time was necessary because of the case's complexity and difficulties investigating him.

A Belgian, Mr George Ruggie, also appeared before the tribunal, the first non-Rwandan seized on suspicion of involvement in the slaughter in 1994.

The two are suspected of having participated in the deaths of an estimated 800,000 Tutsis and Hutu moderates in Rwanda in 1994.

The International Criminal Tribunal for Rwanda was set up in 1994 to bring to justice leaders of the 1994 genocide.



Kambanda leaves court after prosecutors asked for his detention to be extended

## Israeli union warns on reform

By Avi Machlis in Jerusalem

The Histadrut, Israel's powerful trade union federation, will decide on Sunday whether to declare a labour dispute in an attempt to thwart implementation of a package of economic reforms approved earlier this week.

The union is responding to a series of about 100 reforms approved for next year aimed at increasing competition in the Israeli economy. Economists have said the reforms stand little chance

of being carried out if the government fails to appease Histadrut, which boasts 780,000 members out of Israel's total workforce of 1.25m.

Mr Ya'acov Ne'eman, the new finance minister, yesterday met Mr Amir Peretz, Histadrut secretary general, in an attempt to reassure the union that the planned reforms are in the workers' best interests. But after the meeting Mr Peretz labelled the reforms "a programme for increasing unemployment

in Israel, attacking workers' rights in almost every sector". He did not rule out calling a general strike.

At a cabinet meeting on Wednesday night, the government also approved a series of economic reforms and a budgetary framework for 1998. The Shk164.4bn (\$46.7bn) budget planned includes a cut of Shk2.3bn, and is aimed at reducing the budget deficit from the targeted 2.8 per cent of gross domestic product this year

to 2.4 per cent of GDP. The cabinet also set an inflation target of 7 to 10 per cent for 1998. This year, inflation is expected to close in on 10 per cent, the upper limit of the government's target.

Passing the budget may prove more of a problem than agreeing it in cabinet, however. Mr David Levy, the foreign minister, whose Geesher party was elected on a social-welfare platform, and Mr Yitzhak Mordecai, the defence minister, have already voiced objections.

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China insurers help on exports

By James Harding in Shanghai

The People's Republic of China has been a leading exporter of goods and services to the United States for many years. The country's exports to the United States have grown from \$1.5 billion in 1980 to \$15.5 billion in 1996. The United States is the largest market for Chinese exports, accounting for 25 percent of the total. The United States is also the largest source of imports for China, accounting for 20 percent of the total. The United States and China have a long and complex trade relationship. The United States has been a leading supplier of technology and capital to China for many years. China has been a leading supplier of raw materials and labor to the United States for many years. The United States and China have a long and complex trade relationship.

ght will israel



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## NEWS: ASIA-PACIFIC

## Indonesia sees landscape alter

By Greg Earl in Jakarta

When Dr Soedradjat Djiwandoo, governor of Indonesia's central bank, stood up to address a conference to mark the 20th anniversary of the country's capital market yesterday, there was only one thing the financiers wanted to hear.

The rupiah had already been floating for over a hour without an official announcement from a government minister. But Dr Soedradjat made the audience wait 10 minutes into his speech before he confirmed the decision to float the rupiah, as if to underline his message it should not be seen as a surprise move.

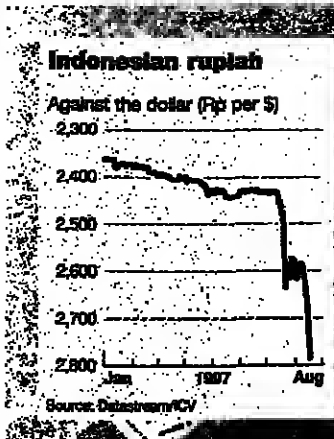
While not wholly unexpected, the devaluation - a development of huge significance for a country which has seen three devaluations averaging 40 per cent in the past two decades - has changed the landscape for Indonesia's commercial sector, which had taken comfort from the way the central bank has so far managed the south-east Asian currency upheaval.

The currency deregulation underlined how much the regional market landscape has changed since the Thai baht was floated on July 2. Shortly after the Thai depreciation, Indonesia responded with a pre-emptive move to widen its rupiah trading band from 8 to 12 per cent.

With Thailand, the Philippines and Malaysia all allowing significant new liberalisation, and even the Singapore dollar taking a decline, Indonesia's trading band approach had made it the target for international hedge fund speculators.

As Dr Soedradjat said, a currency management technique once seen as a plus was now a disadvantage and a potentially costly burden to the central bank, which has spent less money defending its currency than its neighbours.

A few weeks ago, Indonesia had been expecting continued strong growth of 7-8 per cent with falling inflation pulling down interest rates. Much now depends on how well the central bank can restrain use of firmer monetary policy to smooth



Source: Reuters/ICI

the change to a floating rupiah. Dr Soedradjat, a US-educated economics professor, can rightly claim he has been preparing the country for yesterday's decision since he took over the central bank job four years ago with a commitment to no more shock economic moves.

The trading band has been widened seven times since 1993 when it was 0.5 per cent, to where it had become such a ritual that most market participants were more focused on a move to 20 per cent rather than a float.

Dr Soedradjat has introduced other measures to move more of the risk of foreign exchange trading to the market. Yesterday's 6 per cent depreciation will benefit exporters, but represents a victory for the central bank over the finance ministry in a long-running tussle over the direction of Indonesian monetary management.

Dr Soedradjat is believed to have favoured a freer exchange rate policy to fight inflation and ease the pressure on interest rates. Mr Mar'ie Muhammad, finance minister, has been seen to favour the country's long-standing annual 3-6 per cent managed depreciation to help export competitiveness.

What remains to be seen is whether Indonesia's increasingly modern corporate sector with increased foreign debt exposure has taken Dr Soedradjat's moves to heart and has prepared itself for the new financial era which began yesterday.

## China confirms \$1bn support

By James Harding in Shanghai

China yesterday confirmed that it would contribute \$1bn to the \$16bn rescue package for Thailand put together by the International Monetary Fund and a group of Asian countries.

Beijing's participation in the rescue marks a new level of Chinese involvement in financial co-operation in the region.

The People's Bank of China, the central bank, notified the IMF on Wednesday night it would provide \$1bn.

China's loan will have terms of three to five years and will generate interest calculated at market rates, according to Xinhua, the state news agency.

Mr Dai Xianglong, central bank governor, gave a strong defence of co-ordinated financial support for the Thai baht, which was devalued in July amid regional currency instability.

"This package is good for stability in the Asian international economies... this method is absolutely essential," he said.

"China and Thailand are friendly neighbouring countries," Mr Dai said, suggesting that regional politics was a factor behind China's first pledge to a concerted initiative to stabilise Asian currencies.

Economists have argued that it would be in China's interest to take part in the rescue fund, as Thailand is an important market for Chinese goods as well as a substantial investor in China, particularly in the poor provinces in the south west of the country.

The PBOC also announced yesterday that China's foreign exchange reserves had risen to \$126bn, up \$21bn from the beginning of the year.

Beijing keeps firm control of capital transfers, in effect blocking any sharp movement in the Chinese yuan's exchange rate, even though the rising foreign exchange reserves are seen by some as a reason for the currency to appreciate.

Analysts suggest China's rigid control of its exchange rate has kept its exports cheap and exacerbated the competitiveness problems of rival manufacturing economies in south-east Asia.

Separately, Mr Dai defended current interest rate levels, saying that "taking into consideration the interest of depositors... we believe the current rate is still appropriate."

## Bad debts may force Korean bank bail-out

By John Burton in Seoul

A possible downgrading of the international credit ratings of South Korean banks has forced the government to consider giving financial help to a banking industry burdened by bad debts since several big conglomerates collapsed.

The main commercial banks are having difficulties in raising long-term foreign loans since the Kia car group nearly failed last month. The finance ministry is studying rescue measures for Korea First Bank, which has been hit the hardest by loan defaults.

This follows a decision this week by the central bank to grant \$1bn in low-interest emergency loans to seven commercial banks to ease dollar shortages. It provided the same amount of loans to the banks in March and June.

"The situation is potentially serious, although we are confident we can overcome it," said a senior economic official yesterday.

The action is seen as an effort to assure foreign lenders that the government will not allow any of the main banks to collapse. The banks are having trouble raising loans abroad after Standard & Poor's and Moody's investors Services, the US credit rating agencies, warned of possible downgrading for most of the main commercial and state-run banks.

Korea First has a loan exposure of nearly \$3.5bn to Kia and the bankrupt Hanbo and Sammi steel groups that exceeds its equity. Its S&P credit rating of BBB- is the worst among the banks and any further downgrading would give a speculative grade that would block its ability to issue long-term bonds overseas.

Foreign banks have increased their lending rates to Korea First to 60-70 basis points above London interbank offer rate, against 30-30 basis points a year ago.

Officials said their preference was to recapitalise Korea First through a rights issue the government might underwrite. Other possible solutions would include giving soft loans to the bank, which has already requested \$3.5bn in special state loans. Government payment guarantees for foreign loans may be extended, while reserve requirements for bad debts may be eased.

But any state aid to Korea First would depend on the bank reducing costs in an effort to restore profitability after reporting record losses of more than \$300bn during the first half of this year.

Korea Bank recently said it would cut 1,110 jobs and raise \$500bn through property sales, but this is considered insufficient by most analysts.

## Savings and insurance system

## Japanese postal arm to cut jobs

By Gillian Tett in Tokyo

Japan's state-owned postal savings and insurance system has pledged to reduce its work force by 20 per cent, the first public-sector group to announce big job cuts in the face of rising pressure to become more efficient and avert possible privatisation.

The workforce of 37,000 will be cut by about 8,000 and take place over the next 10 years, officials at the Post and Telecommunications Ministry said. The cuts will be achieved through attrition and a reduction in recruitment.

The decision to slash staff numbers at the postal office - which has ¥230,000bn (\$2,000bn) worth of deposits and is the largest state savings scheme in the world - is a departure from the convention in Japan, where traditionally private and public sector companies have offered guarantees of "life-time" employment.

The pressure for reform at the post office is one consequence of Japanese banks' complaints that they will be at an unfair disadvantage after the "Big Bang" financial deregulations if the postal system is not opened up to market competition.

The government's administrative reform council, a group set up to make government units more efficient, is due to consider next week ways of restructuring public-sector institutions. On the agenda are sweeping changes at the postal savings system.

One reason for the popularity of the post office, which continues to attract rising savings, is the loss of public confidence in the private financial sector, because of recent banking scandals, bank failures and the collapse of a life assurance group.

The IMF has called upon Japan to speed up the pace of its deregulation. Its comments came in a report of its annual meeting with Japanese officials in late July.

The Fund said though rates should be left on hold for the moment, they may need to be increased from the current record low levels of 0.5 per cent towards the end of the year. It said such rates "were not appropriate over the medium term". Rates have been held at 0.5 per cent since autumn of 1995, in an effort to stimulate the economy.

The report into the "winebox" scandal - named after stolen company documents placed in a winebox - concluded there was no evidence of tax fraud as claimed by Mr Peters, the leader of the New Zealand First party, which is the junior member of New Zealand's governing coalition.

The report, which took three years to complete and cost \$NZ14m (\$8.9m), will cause further problems for Mr Peters, a flamboyant politician whose party has seen its opinion poll ratings slump since last year's general election.

Mr Peters dismissed the 1,000-page report. He said it did not focus on his allegations, and that he would not apologise to those involved. He said he would seek a judicial review of the findings.

Mr Peters said the report was a "cost of doing business" and was to be avoided to every extent possible under the letter of the law.

## Public support slips from Thai PM

On a recent Thai television talk show, guests were asked if the new constitution, designed to reduce the influence of money in politics and create a more efficient cabinet, would be approved by parliament next month.

Analysts stated their positions, which fell into two camps: those who thought it would be defeated by politicians eager to keep power and privilege and those who thought it would pass because it would be the only way for the government of Gen Chavalit Yongchaiyudh to begin regaining the confidence of the public, which overwhelmingly supports the new charter.

A member of the audience stood up and said there was absolutely no way the new constitution would be approved. He had certain proof. Asked for his evidence, he said: "Because Gen Chavalit says it will pass. Whenever he says anything, the opposite comes true."

Amid economic turmoil and a humiliating turn to the International Monetary Fund for help, Bangkok has lost confidence in Gen Chavalit's nine-month-old, six-party coalition government and in the prime minister himself. As Bangkok people are those who traditionally bring down Thai governments, Gen Chavalit's days seem to be numbered.

But with the prospect of a new constitution hanging over the Thai body politic like an olive branch, the military's steadfast refusal to stage a coup against one of



Chavalit's record: nine long months in Thai politics

Nov 17 1996: Elected.

Feb 6 1997: The cabinet's first meeting.

Mar 19: A 12-hour session of the cabinet.

Apr 21: Cabinet's first meeting.

May 21: Cabinet's first meeting.

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its own, and economic stability temporarily subcontracted out to foreigners, Gen Chavalit still has six weeks before the charter vote on September 26 to engineer a comeback.

Hold on to your hats, analysts say. The turmoil could complicate the government's ability to push through IMF-mandated reforms and make it ineffective in beating off social unrest.

"We are going to see a lot of instability and uncertainty over the next six weeks, there is a sense that the government is losing control," says Mr Surin Pitsovan, an MP from the

opposition Democrat party and former deputy foreign minister.

"There will be lots of movement, within parliament, within the coalition and within society at large. The body is so weak that all the complications are happening at the same time," he says.

Yesterday for example, leading Thai academics met Mr Prem Tinsulanonda, a royal adviser, and then Gen Chavalit to lobby for a national government combining the best of the four main political parties under an unspecified prime minister. Intellectuals close to the

royal palace are said to support such an idea.

But the idea immediately flopped. No opposition party is yet willing to board a sinking ship, to be responsible for managing the social consequences of an economic downturn, rising inflation and growing unemployment. Instead they are planning a no-confidence debate for the middle of next month, although senior opposition figures admit they want a new coalition.

They do not want new elections under the current system, which has produced two disastrous governments in a row.

The Thai prime minister, Gen Chavalit Yongchaiyudh, was expected to name two new members to his

economic cabinet late last night, writes Ted Bardacke in Bangkok. Mr Viraphongse Ramakura, a former finance minister, is expected to be deputy prime minister for economic affairs, a position vacated when the former finance minister, Mr Ananday Viravan, resigned.

Mr Thaksin Shinawatra, a telecommunications tycoon, is expected to replace Mr Narongchai Akrasamee as commerce minister. Mr Thaksin's return is an attempt to exploit his popularity in Bangkok. Mr Viraphongse is a member of the board of directors of the Bank of Thailand and has advocated tough government action to contain the country's financial crisis.

Gen Chavalit could still take a bold move and win public support by declaring unwavering support for the new constitution and promise to lobby hard for its passage. This would alienate influential cabinet and party members already opposed to the charter, and be out of character for a man who has a self-acknowledged desire to be everybody's friend.

"He needs to seize the opportunity," says an Asian diplomat. "Unfortunately what we've seen with the economy is an attempt to muddle until it's too late."

Ted Bardacke

## PUBLIC NOTICES

## NOTICE PUBLISHED BY THE SECRETARY OF STATE FOR TRADE AND INDUSTRY UNDER SUBSECTIONS 8(5) AND 10(6) OF THE TELECOMMUNICATIONS ACT 1984

The Secretary of State hereby gives notice as follows.

1. She proposes to grant licences under the Telecommunications Act 1984 ("the Act") to Eurobell (Holdings) plc, Izenkom Limited, AXS Telecom (UK) Limited and Skylink Holdings Incorporated ("the Licensees") to run international telecommunication systems in the United Kingdom. The licences will be for a period of six months, thereafter being subject to revocation on one month's notice.

2. The principal effect of each licence will be to enable each Licensee to install and run telecommunication systems in the United Kingdom which may be connected to telecommunication systems outside the United Kingdom, and to provide a wide range of international services but not any domestic services (ie services involving the conveyance of messages which originate and are subsequently to terminate in the United Kingdom) or mobile radio services. Each Licensee authorises the connection to a wide range of other systems, including domestic systems and earth orbiting apparatus.

3. Each licence will be subject to conditions such that section 5 of the Act will apply to it, thereby making each of the systems run under each licence eligible for designation as a public telecommunication system under section 9 of the Act. It is the intention of the Secretary of State to designate each of the Licensees' systems as a public telecommunication system.

4. The Secretary of State proposes to grant each Licence in response to an application from each Licensee for such a Licence because she considers it will help to satisfy demands in the United Kingdom for the provision of services of the type authorised, will promote the interests of consumers in respect of the quality and variety of such services, and will maintain and promote effective competition between those engaged in the provision of telecommunication services.

5. She also proposes to apply the telecommunications code ("the Code") to Eurobell (Holdings) plc, Izenkom Limited, AXS Telecom (UK) Limited and GT UK Limited subject to certain exceptions and conditions throughout the United Kingdom. The effect of the exceptions and conditions to the application of the Code is that Eurobell (Holdings) plc, Izenkom Limited, AXS Telecom (UK) Limited and GT UK Limited will have duties:

- to comply with various safety and environmental conditions, in particular (with certain exceptions) to install lines underground or only on such above-ground apparatus as is already installed for any purpose;
- to comply with conditions designed to ensure efficiency and economy on the part of Eurobell (Holdings) plc, Izenkom Limited, AXS Telecom (UK) Limited and GT UK Limited in connection with the execution of works on land concerning the installation, maintenance, repair or alteration of their apparatus;
- to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities and English Nature, Scottish Natural Heritage, the Countryside Council for Wales, the National Trust and the National Trust for Scotland, as well as relevant electricity suppliers;
- to keep and make available records of the location of underground apparatus and copies of the exceptions and conditions in the licence to its powers under the Code; and
- to ensure that sufficient funds are available to meet certain liabilities arising from the execution of street works.

6. The reason why the Secretary of State proposes to apply the Code to Eurobell (Holdings) plc, Izenkom Limited, AXS Telecom (UK) Limited and GT UK Limited is that they will need the statutory powers in the Code to install and maintain the telecommunication systems which are to be installed and run under the proposed licences.

7. The reasons why it is proposed that the Code as applied should have effect subject to the exceptions and conditions referred to above are that they are considered requisite or expedient for the purpose of securing that the physical environment is protected, that there is no greater damage to land than necessary, that the systems are installed as safely and economically as possible, and that Eurobell (Holdings) plc, Izenkom Limited, AXS Telecom (UK) Limited and GT UK Limited can meet (and relevant persons can enforce) liabilities arising from the execution of works.

8. Representations or objections may be made in respect of each of the proposed Licences. They should be made in writing by 15 September 1997 and addressed to the undersigned at the Department of Trade and Industry, Communications and Information Industries Directorate, 2.57, 151 Buckingham Palace Road, London SW1W 9SS. Copies of the proposed licence can be obtained free of charge by writing to the Department or by calling 0171 215 1756.

Alan D Proud  
Department of Trade and Industry

15 August 1997

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The Secretary of State hereby gives notice as follows.

1. She proposes to grant licences under the Telecommunications Act 1984 ("the Act") to HighwayOne Corporation Limited and Internet Network Services Limited ("the Licensees") to run telecommunication systems throughout the United Kingdom. Both licences will be for a period of 25 years subject to earlier revocation in specified circumstances.

2. The principal effect of these licences will be to enable the Licensees each to install and run telecommunication systems throughout the United Kingdom. Each Licensee will be able to provide a wide range of services but excluding mobile radio services and certain international services. Both Licensees authorise connection to a wide range of other systems, including earth orbiting apparatus, allowing the provision of some types of international satellite service. On securing a share of 25% or more of the market in respect of particular services in an area specified by the Director General of Telecommunications, the Licensees may be obliged to make available those telecommunication services to all who reasonably request them within that area.

3. Both licences will be subject to conditions such that section 5 of the Act will apply to it, thereby making each of the systems run under each licence eligible for designation as a public telecommunication system under section 9 of the Act. It is the intention of the Secretary of State to designate each of the Licensees' systems as a public telecommunication system.

4. The Secretary of State proposes to grant these licences in response to applications from the Licensees for such licences because she considers that it will help to satisfy demands in the United Kingdom for the provision of services of the type authorised, will promote the interests of consumers in respect of the quality and variety of such services, and will maintain and promote effective competition between those engaged in the provision of telecommunication services.

5. She proposes to apply the telecommunications code ("the Code") to each of the Licensees subject to certain exceptions and conditions throughout the United Kingdom. The effect of the exceptions and conditions to the application of the Code is that the Licensees will have duties:



Spending watchdog criticises projects three years behind schedule and well over budget

## Defence orders 'suffering severe delays'

By George Parker, Political Correspondent

Defence's equipment programme was exposed yesterday in a report which showed that big projects were £1.5bn (£2.1bn) over budget and running on average three years late.

The National Audit Office, the government's spending watchdog, catalogued a string of procurement disasters, which included numerous crashes in a prototype Royal Navy helicopter and a new Army battle tank with a defective turret.

Its annual report on 25 procure-

ment projects revealed cost overruns and delays were worsening despite repeated assurances from the ministry that it was taking a tighter grip on the programme.

The audit office also revealed that procurement was so badly behind schedule that Britain's defences were being put at risk, and that outdated ships, tanks and aircraft were being patched up at a cost of £600m.

Last month Mr. George Robertson, the chief defence minister, set out plans for a move to "smart procurement" practices, including importing ideas from the Pentagon, which some officials believe could

save up to 10 per cent from the £5bn procurement budget.

"There is room for improvement and the secretary of state is committed to improvement," the minister said. "We are doing so in some areas already - we want to build on best practice."

The 1996 NAO Major Projects Report found a £1.37bn increase in projected costs for 23 projects, amounting to a 3.7 per cent overshoot.

Damaging and costly delays added five months on average to the projects, taking the delay on the in-service date from 35 months to 40 months. Six projects were put

back by more than a year during 1996, while only five were expected to be completed on time.

The audit office found that the most common single reason for cost rises was changes to the nature or scope of specific projects. Meanwhile, technical difficulties and budgetary constraints were the main reasons for delays to equipment programmes.

The Cobra weapon-loading radar under development for Britain, France and Germany is now expected to be eight years and five months late entering service.

Meanwhile the new Challenger 2 tank will be three years late

because production quality has been too variable coupled with delays to the support package.

The tank was sent back to Vickers, the engineering group, for further work after the Army complained about numerous faults, many of them in the sighting or gun control mechanism.

Mr. Bruce George, the Labour MP who chairs the House of Commons defence committee, said the Challenger 2 was the latest in a line of flawed tanks ordered by the ministry. "These kinds of problems give the Treasury the excuse it needs to take billions of pounds out of the defence budget," he said.

## Young stars outshine music's old faithfuls

By Alice Rawsthorn, in London

Ageing rock stars are finding it increasingly difficult to compete against the new generation of successful young British acts such as Oasis and the Spice Girls.

A study by Media Research Publishing, a research consultancy, shows that artists with careers lasting longer than five years were responsible for 29 per cent of the UK's best-selling new albums UK between 1994 and 1996 compared with 59 per cent in the previous three years.

Last year alone, older artists, including Sting, Phil Collins, Def Leppard and the Pet Shop Boys, released albums that failed to match the sales of their predecessors.

The dwindling popularity of such stars poses a finan-

cial problem for record labels, which may be locked into expensive long-term contracts with them.

Many of these contracts, often signed at the peak of the artists' careers, oblige record companies to pay multimillion-pound advances on the delivery of new albums. Unless the

album bucks the downward trend, the label may not sell enough copies to recoup the advance.

One explanation for the declining sales of older superstars is their failure to attract younger fans.

However, record companies have found it difficult to promote such acts since

1992 and 1993 came from artists whose careers were less than two years old. This compares with 10 in 1996 when new acts such as Ocean Colour Scene, Kula Shaker, Space, Cast and the Spice Girls were among the Top 50.

The rapid success of young stars bodes well for record companies because it enlivens the music market. Moreover, many of the latest wave of young UK acts are selling well internationally. Oasis and the Spice Girls are popular worldwide. Bush is one of the best-selling acts in north America, and Jamiroquai is successful across Europe and Asia.



The Spice Girls: the group's records were among the 50 best-sellers of 1996

## Record \$163,000 fine is levied for mis-selling

By Jean Eaglesham, in London

The Personal Investment Authority yesterday levied its largest fine yet for pension mis-selling in a clear signal that it intends to toughen up its policing of the £4bn (£5.62bn) personal pensions review.

M&E Network Limited, the country's third largest network of independent financial advisers, was fined £100,000 (£163,000), plus £25,000 costs.

The PIA said that M&E had "failed to take all reasonable steps to carry out the review" in accordance with the standards set by the regulators. In particular, M&E had delayed sending out the initial review questionnaires, posting them in June 1996, almost three months after the March deadline.

Mr. Brian Kaye, M&E's chairman, said the company was being "victimised" by the regulator. He claimed M&E has just 368 cases which needed assessing, of which 309 had been completed, compared with the 432,387 cases being reviewed by the 24 companies with the highest number of cases.

"Sure, we were technically in breach [of the review procedures] but we are on schedule to finish it on time. Our exposure is very small relative to the industry as a whole," he said. "I do not think kicking the hell out of the good guys is going to achieve what [the regulators] want to achieve."

The PIA rejected the allegation that it was overreact-

ing. "Today's fine is the latest of a number [39] of fines related to the way in which firms are carrying out the pensions review. PIA will take whatever steps are necessary to ensure the review is carried out expeditiously and to a consistently high standard," it said.

The tensions between the regulator and the financial services industry look set to deepen over the coming months as more firms are punished for their conduct of the review. It emerged last month that the biggest network, DBS, is in line for a record £500,000 fine from the PIA. The PIA's fellow regulator, the Investment Management Regulatory Organisation, has already punished a number of firms in connection with the review. In January, it fined Lloyds Bank a record £325,000.

Other big firms could now face punishment from the government as well as the regulators. The 24 firms with the highest number of cases have been "named and shamed" as part of a high profile government campaign to get the review finished. Mrs. Helen Liddell, economic secretary at the Treasury, said last month that she was "profoundly depressed" by the "extremely disappointing" figures.

These showed that just 20,545 people out of the 432,387 cases had been offered compensation. Mrs. Liddell has warned that she is considering unspecified sanctions for firms which fail to show substantial progress by this autumn.

Business support for Welsh devolution is growing, it emerged this week. The Institute of Directors is set to endorse the Labour government's plans for an assembly in Wales. The Confederation of British Industry, the largest employers' lobby in Britain, is also showing the first signs of support.

With the outcome of the September 18 referendum about a Welsh assembly still in the balance, signs of commercial support will be welcomed by the government.

The Welsh business community played a crucial role

in the four-to-one rejection of devolution in 1979. It has stayed tight-lipped throughout the present campaign.

Although the Institute is still in consultation, it is expected to declare itself in favour of the proposed 60-member assembly after a meeting between senior members and Mr. Ron Davies, the chief minister for Wales, on September 5. "We are consulting widely, and there now appears to be a great deal less animosity than there was in 1979," said Mr. Peter Hain, a junior minister for Wales, took the Yes campaign to the South Wales valleys, a traditional Labour stronghold which

might agitate for tax-raising powers also seems to be changing its neutral stance. "We still have some reservations, but in general we welcomed the white paper [government proposals]," said Mrs. Elizabeth Haywood, director of the Welsh CBI.

"There was a strong rejectionist tendency in 1979 which is no longer there," she said, adding that members were "pleased" with the "consultative role for business" outlined in the government's proposals.

Mr. Peter Hain, a junior minister for Wales, took the Yes campaign to the South Wales valleys, a traditional Labour stronghold which

Majority in favour of devolution may not be big enough to endorse change

of Carmyley, the former Tory minister who is director of Think Twice.

The Confederation of British Industry in Scotland is to publish a detailed critique of the parliament's tax plans, but not until early September.

The Institute of Directors in Scotland will not ask for its members' views on devolution until after the referendum because of the summer break.

Of the political parties, only the Conservatives oppose devolution. But all their Scottish MPs were ousted in the general election on May 1. Furthermore, a minority of their members wants devolution.

Think Twice hopes to raise £300,000 to fight devolution and "we are steadily moving towards that," Lord Fraser says. But it fears it is being beaten by Scotland Forward, a coalition for devolution that is funded by trade unions, some municipal authorities and individuals, but not political parties.

"Our role is to create a background awareness of the issues, and to facilitate the political parties working together," says Mr. Nigel Smith, the chairman of Scotland Forward, who is managing director of a Glasgow engineering company. "They are the experts at getting the vote out."

James Buxton

## Business warms to Welsh assembly

By Liam Halligan in Cardiff

Business support for Welsh devolution is growing, it emerged this week. The Institute of Directors is set to endorse the Labour government's plans for an assembly in Wales. The Confederation of British Industry, the largest employers' lobby in Britain, is also showing the first signs of support.

With the outcome of the September 18 referendum about a Welsh assembly still in the balance, signs of commercial support will be welcomed by the government.

The Welsh business community played a crucial role

in the four-to-one rejection of devolution in 1979. It has stayed tight-lipped throughout the present campaign.

Although the Institute is still in consultation, it is expected to declare itself in favour of the proposed 60-member assembly after a meeting between senior members and Mr. Ron Davies, the chief minister for Wales, on September 5. "We are consulting widely, and there now appears to be a great deal less animosity than there was in 1979," said Mr. Peter Hain, a junior minister for Wales, took the Yes campaign to the South Wales valleys, a traditional Labour stronghold which

might agitate for tax-raising powers also seems to be changing its neutral stance. "We still have some reservations, but in general we welcomed the white paper [government proposals]," said Mrs. Elizabeth Haywood, director of the Welsh CBI.

"There was a strong rejectionist tendency in 1979 which is no longer there," she said, adding that members were "pleased" with the "consultative role for business" outlined in the government's proposals.

Mr. Peter Hain, a junior minister for Wales, took the Yes campaign to the South Wales valleys, a traditional Labour stronghold which

rejected devolution last time. "The party was split in 1979, but now there is a consistent pro-devolution message," said Mr. Hain.

But most voters reacted positively to Mr. Hain, saying that a Welsh assembly would give the region "proper representation both in Westminster and Europe". Unlike Labour's well-funded Yes campaign, the Just Say No movement appears to be on a tight budget. "The government has broken the Treaty of Rome by not giving equal funding to both sides," said Mrs. Caryl Pugh, a prominent Labour opponent of devolution.

Simon Holberton

### UK NEWS DIGEST

## More change at Lloyd's council

The rapid influx of corporate capital into Lloyd's of London has forced the insurance market to review the make-up of its ruling council, raising fears among Names that they may lose influence in future decision-making.

Lloyd's said it is to give another seat on its ruling council to the new-style corporate investors who have over the last three years replaced dwindling numbers of the individuals called Names as capital providers.

It will also consider whether further change is needed. Corporate capital is expected to provide more than half the funds backing Lloyd's next year compared with 44 per cent now, but has only one of the six seats on the council for external members.

Christopher Adams, London

### TRAFFIC MANAGEMENT

## Motorway restrictions ahead

Motorway junctions could be closed at peak hours and hard shoulders (emergency lanes) turned into bus and truck lanes under controversial measures to ease congestion being considered by ministers.

Mr. John Prescott, the deputy prime minister, is considering a range of traffic management measures pioneered in the US as an alternative to widening existing motorways. He is considering rush hour closures of some entry points to congested motorways such as the M6 in the English Midlands and the M25 London orbital route.

The aim would be to restrict local traffic from using busy motorways for short journeys, thereby easing the flow of long distance commercial and business traffic. Motoring organisations said the change would lead to congestion, pollution and accidents as motorway traffic switched to residential streets.

George Parker, London

### TRAVEL INDUSTRY

## Move to sell internet currency

Thomas Cook, an offshoot of Westdeutsche Landesbank, plans soon to become the first travel agent to sell foreign exchange over the internet. The company is the largest supplier of leisure consumer foreign exchange in Britain with 25 per cent of the £13bn (£21.2bn) market.

It will also become the first retail travel agent in the UK to sell holidays over the internet when it adapts its site next month. The move underlines the pressure on travel agents to use new technology, which would otherwise threaten their role, to their advantage. On-line and electronic booking systems could theoretically eliminate travel agents by linking customers with suppliers, such as hotels and airlines.

Scheherazade Daneshkhu, London

### NORTHERN IRELAND

## Prison damage 'worst ever seen'

Damage caused to the high-security Maze Prison in Northern Ireland by prisoners from the outlawed Loyalist Volunteer Force was the worst ever seen by warders, the region's Prison Service said yesterday. The LVF is a breakaway organisation which rejects the ceasefire observed since 1994 by other anti-nationalist "loyalist" paramilitary organisations. Warders said there had been 14 hours of "wanton destruction" by LVF prisoners.

### CORRECTION

## A-level subjects

The number of students taking history at A-level this year fell by 1.86 per cent to 42,547, and not by 18.6 per cent as stated in a table on Wednesday, and the number taking sociology rose by 0.9 per cent to 30,139. The number of students taking German dropped 1.5 per cent to 10,561.

## To the shareholders of Great Nordic Ltd.

NOTICE IS HEREBY GIVEN by the Board of Directors that an extraordinary general meeting of the Company will be held on Thursday 28 August 1997 at 1.30 pm at Industriens Hus, H.C. Andersen Boulevard 18, DK-1787 Copenhagen V, to transact the following business:

(a) To consider and, if thought fit, pass a resolution to change the authority conferred under Article 4 of the Company's Articles of Association in such a way that it will be possible, inter alia, to increase the share capital through the issue of shares by way of cash contribution without giving existing shareholders pre-emptive rights of subscription where subscription is effected at market price, and to introduce a restriction on voting rights of 7.5 per cent of the Company's share capital and to update and modernise the Articles of Association in their entirety.

For the passing of the resolution set out under item (a) on the agenda, it is required under section 79(2) of the Danish Companies Act that the resolution be carried by nine tenths both of the votes cast and of the voting share capital represented at the general meeting.

From Monday 18 August 1997 the agenda and the full and complete resolutions to be proposed at the general meeting will be available for inspection by the shareholders at the Company's registered office, Kongens Nytorv 26, third floor, Copenhagen K, and in Great Britain at the Company's office, Great Nordic House, 204 Godstone Road, Surrey, and at Hambros Bank Ltd., 41 Tower Hill, London. Not later than eight days prior to the general meeting the above material will be posted to every shareholder on the Company's register of members at such addresses as the shareholders have supplied to the Company.

Admission cards to the general meeting will, until five days prior to the meeting, be available on request from the Company's office on all weekdays (Saturdays excluded) between the hours of 10 am and 4 pm to any shareholder who can prove a good title to his shares. As far as bearer shares are concerned, the shareholder shall prove his title to such shares by presenting a statement of his holding of shares in the Company, dated 15 August 1997 and issued by the shareholder's account-holding bank.

Any right to vote shall be conditional upon the voting share being registered in the name of the shareholder and entered in the register of members and upon the shareholder being entitled to attend the meeting pursuant to the above-mentioned provisions. Where the shareholder has acquired the share by way of transfer, the share shall furthermore have been registered in the name of the shareholder by the date when the general meeting is convened.

Copenhagen, 12 August 1997

The Board of Directors

## Mine company may face Battle of Town's End

Environmentalists want to protect green belt site while RJB needs to boost opencast operation

A 300 ha stretch of green belt land near the northern England city of Leeds is shaping up to be the latest battleground in the fight between coal miners and environmentalists over opencast mining in Britain.

Eighteenth century maps of the area describe the land as "town's end", and that is what environmentalists want it to remain: a place where the countryside begins.

Activists say three historic paths wind their way through the land, and that it contains two areas of woodland which should be preserved. "Green belts" are the supposedly sacrosanct areas around cities and towns which prevent them joining to form vast conurbations.

"The site is the biggest green belt site in England. If we lose this one, nothing will be safe," says Mr. Ken Swann, local chairman of the Council for the Protection of Rural England and chairman of Yorkshire Opencast Objectors.

Two weeks ago, RJB Mining, the successor in England to the state-owned British Coal and the UK's biggest coal miner, lodged a planning application with local district councils to extract up to 2.2m tonnes of coal from the site.

The company's application came just a week before the government issued a consultation document seeking views about current planning guidance for opencast mining. In particular the government

wants the public's response - to the end of October - to a plan drawn up by the governing Labour party when it was in opposition.

This plan, if implemented, would toughen what the mining industry regards as already restrictive planning regulations. In opposition, Labour wanted to limit opencast mining to an operation "only where it is of benefit to the local community and the local environment", such as clearing up derelict land. In short, a strict observance by the government of Labour's principles in opposition would virtually rule out the use of green belt land for mining and see opencast mining phased out in the coming years.

The opencast mining industry already regards itself as under pressure from planning regulations introduced in 1994. In 1995/96, 11m tonnes of opencast coal was mined, accounting for a quarter of all coal mined in England and Wales. But the 1994 rules removed the presumption in favour of opencast mining that was present in earlier guidance to municipal planning officers.

RJB wants to mine the Yorkshire site over a five-year period; it says it needs the coal to blend with deep mined coal to help it reduce the overall chlorine content of the product it sells to power stations. Deep mined coal in England is high in chlorine, a substance that dam-

ages boilers in power stations. RJB mined about 34m tonnes of coal last year, of this, some 7m tonnes came from opencast mining. The company says it needs to retain a 1:4 ratio of opencast to deep mined coal so that the latter remains competitive in the power station market.

"We need a rolling programme to make up production lost from mines closing down," says Mr. John Gough, RJB's development director. "By 1998, we'll have a shortfall of half a million tonnes to a million tonnes of opencast coal and by 1999 the shortfall will rise to two million tonnes."

Simon Holberton







## Edinburgh Dance from the West

Clement Crisp on  
Twyla Tharp's  
new works

**P**lus ça change, plus c'est le même at the Edinburgh Festival, with its trudging horde of merry-makers on Princes Street, and its day-dramatist giving way to penetrating evening drizzle. And, for dance-lovers, the gloomy barrack of The Playhouse, that functional designed by the Cessnae.

The Playhouse is host to the first dance event of the festival. Tharp says the poster - *avec exclamation mark* - as one might say *Duck!* or *Welcome!*. The latter is the proper response, albeit the former is my advice for some of the later dance items, and Monday night's performance revealed three recent (late 1996) works by Twyla Tharp for her new (54, 5m) and accomplished troupe.

The evening is, in an odd way, a retrospective: not of Tharp's work but of her American identity. One piece, *Sweet Fields*, looks at the simple religious faith of early settlers, observed through the hymns of the Boston-born William Billings (1746-1800) and traditional Shaker songs. ("Shake, shake out of me! All that is carnal, I'll take nimble steps...") and Tharp's dancers do just that. 66 is about the great Route 66 that ran from Chicago to the Pacific at Santa Monica, leading many Americans (including Tharp's family) westward to new hopes and new horizons. *66* is the first work on the bill, is harder to categorise. It proposes heroic attitudes, some mythic, some looking rather more like sci-fi, and even glances at feminism, when a woman finds herself, unavailing but determined, against a wall of male resistance. (I do



Romp on a serious theme: Shawn Mahoney as the old man in '66', about the great American highway

not think this auto-biography: Twyla Tharp is braver, more combative and more successful than most male choreographers. Tough as a tough does, and Tharp's grand achievements are there to prove it.)

The dance is fierce, bold, hinting also at the uncertainties and defeats that are central to heroism and the desire and need to achieve. The score is by Philip Glass, the Minkus of minimalism, and is very loud and perfectly awesome. The dancers work like demons.

Their better reward is the succeeding *Sweet Fields* in which Tharp's vision of a white-clad com-

munity, held by an innocent Godliness, ardent in spiritual feeling, is beautifully caught in dance that is both airy and serious. (Most serious is a funeral procession for six men, where each in turn becomes the corpse. *Thin as a reed*.) The hymns proclaim a direct and unwavering belief. Tharp (from a Quaker background) knows in her heart how to show this, and, touchingly, does so in lively, sincere dance. The piece is a delight.

66, closing the evening, is a romp on a serious theme. The choreography feeds, as Tharp has often done, on social dance and the manners of the 1930s and '40s, with a junk-mu-

sic accompaniment. ("Bachelor pad music" says the programme). A pair of lovers - the splendid Andrew Robinson and Julie Stahl - disagree and agree (what else is new in dance?), and the virtuous Shawn Mahoney is an old man embarked on the long road West. He gets his chance in a merry solo. Part cartoon, part parade of bright steps, 66 is a soufflé, but cooked by a master chef.

The three works may have subliminal links, and they share certain leit-motifs of movement - walking backwards is one, and it suggests Tharp's own backward look at an American past - but the

only obvious common ground is their creator's skill, and the excellence of the dancing. They make a fine evening in a visit sponsored by Scottish Power.

As my seasonal note about festival programmes books, I report that the Playhouse programme for Tharp is dreary in aspect, not immune from mistakes, and a rotten buy at £2. It is about time the festival decided on theatre programmes worthy of the shows they cover. And why not, given advertising revenue, make them free? To hell with the extra bawbees: let us have something worthy to remember the evening by.

## The Edinburgh Festival Short stories about India

**T**he theatre in Scottish Television's Gateway building in Edinburgh has become a festival venue this year, beginning with Tamasha Theatre Company's production *A Tainted Dawn*. Following the company's success with *Yashwantrao Chavan*, director Kristine Landon-Smith, co-writer Sudha Bhuchar and the company have fashioned what is less a celebration of Indian independence than a meditation upon the human tragedies caused by the partition which followed it.

Drawing on a clutch of short stories by various writers as well as on company improvisations, Landon-Smith has assembled a dramatic mosaic. Some scenes - the simmering communal prejudice in a crowded train compartment, the grim comedy of a couple of Parsi corpse-bearers facing a vulture shortage because the birds have abandoned the funeral grounds to pick over the victims of rioting - stand alone, others form episodic narratives. With only eight actors, they nevertheless manage to convey at least a microcosm of the terrible scale of

human displacement as even the supposedly enlightened middle classes came to abandon hope in the ideals of secularism.

The violence of "the troubles" is present almost entirely through suggestion: what we see are the effects in terms of shattered families, individuals migrating to Hindu-Sikh India or Moslem Pakistan, sometimes as an act of affirmation but more often out of compulsion or despair, pilgrimages made years afterwards to former

homes only for those returning to find towns unrecognisable and houses reduced to rubble.

The most poignant of the plotlines is based upon Bhisam Sahni's *Pak*, in which a Hindu boy separated from his parents in flight is adopted by a Moslem couple; although prejudice and bigotry are outweighed by a concern for blood ties when the boy is tracked down after seven years, even this is not a happy ending, as the Hindu community in which his

*'A Tainted Dawn' is a meditation upon the human tragedies caused by partition*

natural parents live refuse to accommodate his re-assimilation.

The diffuseness which is often a hallmark of devised work leads to no weakness here: it is plainly impossible to portray the experience in a single linear story. Members of the ensemble subsume themselves in the process of painting the fabric with a host of characters.

In the end we sense not only the privations of partition, but the determination of individuals to carve out lives for themselves; the taint of what has gone before may darken the dawn, but cannot wholly obscure it.

Ian Shuttleworth

Gateway Theatre, Edinburgh, until August 18; Edinburgh International Festival box office 0181 473 2000.

## Bournemouth widens its horizons

Richard Fairman finds the orchestra-making waves in Amsterdam

**T**he Dutch make a very appreciative audience. Standing ovations are an everyday occurrence in Amsterdam, which must count as a pleasant surprise to visiting musicians from abroad. No sooner had the Bournemouth Symphony Orchestra played the last note of Rachmaninov's Second Symphony at the Concertgebouw last week than the audience was on its feet. The good news was that it had actually been an exciting performance. Under Yakov Kreizberg, appointed principal conductor two years ago, the Bournemouth Symphony knows that it has started to play above itself, and now it wants the rest of the world to know.

Last year it undertook a successful East Coast concert tour of the US. This year its return visit for two concerts in Amsterdam continued the business of building on its much-improved reputation under Kreizberg's predecessor, the American conductor Leonard Slatkin, one of the problems the orchestra is now

facing is the need to improve its public relations in the UK.

The orchestra's management is adamant that they are happy in their patch of south-west England. Although there seems to be a good chance that Bristol will get its lottery cash for a new concert hall, the issue of the Bournemouth Symphony moving there and changing its name was settled once and for all back in the 1990s. Besides, the orchestra has its own application pending for money from the Arts Council's stabilisation fund.

Orchestras in the UK live and work in an *Alice-through-the-Looking-Glass* world. They have to run as fast as they can to stay in the same place. The BSO feels miffed that its idea for lottery money to upgrade its instruments was given the thumbs down, even though brass bands around the country are sporting new trumpets and trombones. Renewing the repertoire with new music is still a gamble, although the 1997/8 season has its token share.

This is where Kreizberg's lead-

ership is so important. In his conducting of the Bournemouth musicians, I hear the same grip on every detail of colour, rhythm and phrasing that has taken other successful orchestra-and-conductor teams, like Oslo Philharmonic under Janssens and the City of Birmingham Symphony under Rattle, out of the provincial circuit and on to the international stage. If that is right, it will be crucial for the BSO to hang on to him.

Last week's Amsterdam visit came directly after the annual Bournemouth Symphony Prom in London, at which the orchestra won plaudits for playing some rare Markevitch (a recent Kreizberg favourite). The first of the two concerts at the Concertgebouw repeated that programme. The second paired Elgar's Cello Concerto with the Rachmaninov. It did not start especially well since the advertised soloist for the Elgar cancelled late in the day and her replacement, the young Dutch cellist Quirine Viersen,

played with an attractive lyrical style but was not always in tune.

Kreizberg's Elgar was "interesting" - not idiomatic by a long chalk, but always put across as if he believed in what he was doing. By contrast, in the Rachmaninov that trait was turned into a blazing strength. Kreizberg takes each phrase at a time, holds it in an arm-lock that does not let his players wriggle a centimetre from the way he wants it played, and then moves on to the next.

The sheer precision and control of the performance was electric, but Kreizberg's real strength is in never letting the showpiece side of his conducting become an end in itself. Heard in the spacious acoustic of the Concertgebouw, the BSO's natural richness of sound was almost too much, with the resonant brass swamping the strings when the volume rose, but even that did not detract from a first-rate Rachmaninov Second that had passion, temperament and brilliance. Maybe the standing ovation was not just the usual Dutch politeness after all.

**T**wo brand-new works at the Proms this week: Stephen Montague's Piano Concerto on Tuesday, a BBC commission, and Magnus Lindberg's *Feria*, which began Monday's concert by the Finnish Radio Symphony under Jukka-Pekka Saraste.

The piece is dedicated to Saraste, a close Lindberg associate. Since the Finns were visiting London anyway, it was a good moment to introduce Lindberg's latest work; just now he is Finland's liveliest musical export - and only partly ex-pat, despite his long connection abroad with Boulez's IRCAM.

Lindberg turns 40 next year, and has been steadily prolific since his early 20s. His expansive, exhilarating Aldeburgh piece two years back, *Aura*, and then his recent crypto-Ravellian Piano Concerto - played all round Europe, but here only in a Radio 3 broadcast - have sealed his reputation as a mature young modernist: always cogently inventive, never arcane.

His ears have assimilated a lot of jazz and heavy rock. Though his compositional computations may be intricate, his sound-palette makes an immediate, user-friendly impact on younger-generation listeners. At first bearing,

## The Proms All the fun of the Feria

*Feria* - Spanish "fair", in the "carnival" sense - had the effect of an unusually grand fanfare-piece. The brilliant sections that begin and end it, with piercing trumpet flights over bright minimalist figurations, sounded festive as could be, and faintly Iberian too.

On the other hand: when the music wound down in the middle to a cogitative pace, Lindberg's harmonies (computer-generated, but selected and adjusted by the composer) conveyed not only a dense glow and *Affect*, but in due course the plangent, grieving progressions of Monteverdi's "Lamento d'Arianna", too. Those stayed in the mind, and coloured everything that we were still to hear. We needed to hear the whole work again, two or three times, to discover just what that far-reaching impact may mean.

Montague's Piano Concerto didn't invite searching inquiry. This American composer (b. 1943, resident here since 1974) was first known as a keen Minimalist

exponent, but has leant more lately pop-wards. His concerto is a friendly sort of piece: generally tonal, tuneful, and generous to the soloist - here Rolf Hind - with splashy visual effects, like whole-forearm attacks, and well-trilled aural ones, like streams of chords hammered out by alternate hands.

Not difficult, actually; nor could Montague's actual composing have cost him any great effort. The musical impulse of this concerto is late-Romantic (or 60s' pop; as you like), and the musical processes very simple. All that the "minimalist" fillings and the pianist's hyper-visible exertions could do was to lend up-to-date airs to a "new" piece which is already a piece of nostalgia. Hind, and the Orchestra of St. John's, Smith Square under John Lubbock, made it seem quite appealing.

It is interesting that a large portion of Magnus Lindberg's oeuvre to date will be heard at Strasbourg's *Musica festival* (September/October; Tel: 0033 3 88 21 0302). For no composer so young has had such a compendious "retrospective". That is a measure of the serious interest he provokes; but he is a lot of fun, too.

David Murray

## INTERNATIONAL ARTS GUIDE

### ■ BONN

**EXHIBITIONS**  
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland  
Tel: 49-228-917 1236  
Sigmar Polke: subtitled "The Three Lies of Painting" this show aims to be the largest ever held in the country's biggest exhibition halls. Including some 180 loans, it will document Polke's work from 1962 to the present, and will transfer to Berlin's Hamburger station; to Oct 12

### ■ DROTTHINGHOLM

**OPERA**  
Drottningholms Slottsteater  
Tel: 46-8-4570600  
Orfeo: Swedish premiere of Luigi Rossini's 1647 version of the legend of Orpheus. The producer is Jack Edwards, the musical directors Stephen Stubbs and Paul O'Dette, the designer Robin Linklater and the choreographer Lucy Graham. With the Drottningholm Theatre Ballet and

Orchestra; Aug 16

### ■ EDINBURGH

**DANCE**  
Edinburgh International Festival  
Tel: 44-131-473 2000  
Végetal: Ballet Atlantique Régine Chopinot. Collaboration between choreographer Chopinot and artist Andy Goldsworthy to music by Knud Victor. In a tribute to movement and the natural world; at the Edinburgh Playhouse; Aug 15, 16

### ■ OPERA

Macbeth: by Giuseppe Verdi (original 1847 version). Concert performance given by the Chorus and Orchestra of the Royal Opera House, conducted by Edward Downes; at the Edinburgh Festival Theatre; Aug 15, 16

### ■ THEATRE

Measure for Measure: by Shakespeare. Directed by Stéphane Braunschweig. Unlike *The Winter's Tale*, which was Braunschweig's French language contribution to the 1994 Festival, this production, staged by the Nottingham Playhouse, is in English; at the Royal Lyceum Theatre; to Aug 26

### ■ LONDON

**CONCERTS**  
BBC Proms, Royal Albert Hall  
Tel: 44-171-589 8212  
Norwegian Chamber Orchestra: a two-day celebration of Britten's choral works begins with this performance of his Serenade for Tenor, Horn and

Strings, with tenor Ian Bostridge and horn player Timothy Brown. Programme includes symphonies by Schubert and Mendelssohn and Wagner's Siegfried Idyll. Conducted by Iona Brown; Aug 16

● Britten Weekend: The Prodigal Son. Performed by the City of Birmingham Touring Opera in a production directed by Mark Tinker and set in the 1930s. With the Birmingham Contemporary Music Group and musical director Simon Halsey; Aug 16

● Britten Weekend: Martin Neary conducts the Westminster Abbey Choir in a selection of works punctuated by a piece for solo oboe performed by Nicholas Daniel; Aug 17

● Britten Weekend: War Requiem. Performed by the BBC Symphony Orchestra and Chorus with the Chorists of Westminster Abbey and the City of Birmingham Symphony Chorus. Conducted by Andrew Davis; Aug 17

● Budapest Festival Orchestra: conducted by Iván Fischer in works by Bartók and Brahms, with pianist András Schiff; Aug 15  
● Stephen Cleobury: conducts the BBC Singers and Brandenburg Consort in a programme of choral works by Purcell, Fayfax, Byrd, Sheppard and Handel; Aug 15

### ■ LUCERNE

**CONCERTS**  
International Festival of Music  
Tel: 41-41-210 3080  
András Schiff: recital of Schubert piano sonatas; at the

Union; Aug 17, 19

● Gustav Mahler Jugendorchester: conducted by Pierre Boulez. In works by Ravel, Bartók, Boulez and Stravinsky; at the von Moos-Stahl-Halle; Aug 15

### ■ PESARO

Rossini Opera Festival  
Tel: 39-721-33164  
**CONCERTS**  
Rossini's Petite Messe Solennelle: performed by soprano Carmela Remigio, contralto Mariana Pentcheva, tenor Juan-Diego Florez and bass Michele Pertusi. With pianists Arnold Bosman and Rosetta Cucchi, and Federico Lannella on harmonium; at the Teatro Rossini; Aug 19

### ■ OPERA

● Il Barbiere di Siviglia: in a staging by Luigi Squarzina. With the Or-Orchestra of Tuscany, conducted by Yves Abel; at the Teatro Rossini; Aug 16, 20  
● Moses at Pharaoh: presented in the version he adapted for the Paris Opera in 1827, Rossini's opera - created as Moses in Egypt in 1818 - is staged by Graham Vick. With the Orchestra of the Teatro Comunale di Bologna, conducted by Vladimir Jurowski; at the Palafranceschi; Aug 17

### ■ SALZBURG

Salzburg Festival  
Tel: 43-662-844501  
**OPERA**  
● Die Zauberflöte: by Mozart. Christoph von Dohnányi conducts a new production by Achim

Freyer. With the Vienna Philharmonic and the Konzertvereinigung Wiener Staatsopernchor; at the Felsenreitschule; Aug 16, 18, 20

● Lucio Silla: by Mozart. Conducted by Sylvain Cambreling and directed by Peter Mussbach with designs by Robert Longo. Cast includes David Kuebler and Susan Graham. With the Camerata Academica Salzburg and the Konzertvereinigung Wiener Staatsopernchor; at the Kleines Festspielhaus; Aug 15

● Wozzeck: by Berg. Conducted by Claudio Abbado in a new production directed by Peter Stein, with sets by Stefan Mayer. Bryn Terfel sings the title role. With the Vienna Philharmonic and the Konzertvereinigung Wiener Staatsopernchor; at the Grosses Festspielhaus; Aug 15, 19

### ■ THEATRE

Der Alpenkönig und der Menschenfeind: by Ferdinand Raimund. Revival of Peter Stein's production, with sets by Ferdinand Wögerbauer. With music by Wenzel Müller; at the Landestheater; Aug 15, 20

### ■ SANTA FE

**OPERA**  
Santa Fe Opera  
Tel: 1-505-988 5800  
● Così fan Tutti: Kenneth Montgomery conducts Mozart's opera, sung in English, in a new production directed by Nicolette Molnar and designed by Bruno Schweng; Aug 15, 20  
● La Traviata: Linda Brovsky directs this new production of

Verdi's opera, set in the Parisian demimonde. Christopher Larkin conducts; Aug 16, 19

### ■ TANGLEWOOD

**CONCERTS**  
Tanglewood Festival  
Tel: 1-617-931 2000  
● Boston Symphony Orchestra: conducted by Kent Nagano in works by Debussy, Tchaikovsky and Stravinsky. With violin soloist Che-Liang Lin; the Shed; Aug 15  
● Boston Symphony Orchestra: conducted by Hans Graf in works by Bach, Handel and Vivaldi. With mezzo-soprano Lorraine Hunt; the Shed; Aug 16

### ■ VERONA

**OPERA**  
Arena di Verona  
Tel: 39-45-800 5151  
● Aida: by Verdi. Conducted by Nello Santì in a staging by Gianfranco de Bologni, revived by Susy Attendoli. Casts vary; tonight Maria Guleghina sings the title role; Aug 15, 20  
● Madama Butterfly: by Puccini. New production. Conducted by Angelo Campoli, with designs by Beni Montresor; Aug 16

### ■ ZURICH

**EXHIBITIONS**  
Kunsthaus Zürich  
Tel: 41-1-262-0909  
Birth of the Cool: wide-ranging survey of American art in the latter half of this century. Among the artists represented are Jackson Pollock and Andy Warhol; to Sep 7

### WORLD SERVICE

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10.00

European Money Wheel  
Nonstop live coverage until 15.00 of European business and the financial markets

17.30

Financial Times Business Tonight

CNBC:

08.30

Squawk Box

10.00

European Money Wheel

18.00

Financial Times Business Tonight



Personal View • Miko Giedroyc

# Tail that wags the dog

US and European markets have been driven by the increase in cash flow

If you are a dog, how much you wag your tail is determined by the amount of dogfood in your evening bowl. If you are the owner of a business, how rich you feel is determined by the amount of cash going into your bank account (rather than by your accountant's version of profit).

And if you are a stock market? My feeling is that they too have Pavlovian reactions. And the stimulus they respond to most is companies' cash flow (as opposed to more conventional things such as, say, earnings per share).

In western stock markets, cash flow has rocketed. My preferred measure here is "free cash flow". This is - excuse the technical definition - sales minus cash operating expenses (adjusted for working capital inflation) minus tax (with tax shield) and minus net investment (in both fixed and working capital).

The graph shows what has happened to free cash flow in the US. My calculations, based on Standard and Poor's figures, suggest that in the early 1990s the cash flow of quoted US industrial companies was actually negative. Since turning positive in 1986, free cash flow has gone through the roof, more than tripling since the previous boom in 1989-90.

It is a similar story in Europe, including the UK. According to Deutsche Morgan Grenfell's figures, the free cash flow of European industrial companies today is also about three times higher over the same period. Meanwhile, the share prices of US industrial companies have more than tripled and those of European and British industrials have nearly tripled.

But their earnings per

share have not. Since 1989 they have grown less than twofold in both Europe and the US. Conventional wisdom would explain the out-performance of earnings per share by share prices by pointing to the fall in nominal rates of interest. The idea is that a certain level of earnings can be more highly valued if rates of interest are lower.

My problem with this explanation is that real interest rates should drive equities more than nominal rates, and real rates have not fallen much since 1989. The nominal interest rate explanation implies that the stock market suffers from "money illusion", and our work at Deutsche Morgan Grenfell has given me profound respect for the market's ability to look through the nominal to the real.

The dogfood theory that stock prices follow cash flow is also consistent with the behaviour of share prices in east Asia. Japanese stocks have underperformed world stock indices since the late 1980s. Most of the rest of south-east Asia has also underperformed world markets since 1982-83. East Asian economies are notable for their enormous capital spending. Almost every basic manufacturing industry - steel, petrochemicals and paper in particular - has a "far eastern capacity

problem". Hence, free cash flow in the region is poor.

If the dogfood theory is right, the trillion dollar questions for equities are: Why has cash flow exploded in the west? And can we expect it to continue to grow?

The same analysis used above suggests that falling net investment, in both fixed and working capital, is the over-riding explanation of rising free cash flow in the US, the UK and the rest of Europe. Wage restraint and increases in productivity have helped gross cash flow (that is, sales minus cash operating expenses). But, surprisingly, it has not increased much above its long-term trend. In the US, for example, we estimate that gross cash flow per share will have grown in real terms by less than 3 per cent per year in 1989-97, and by less still in Europe.

Over the same period, capital spending has fallen to new lows relative both to sales and to gross cash flow on both sides of the Atlantic. And working capital has been squeezed in a way that is almost miraculous. Quoted European industrial companies, for example, seem to have reduced their real working capital by more than 10 per cent in absolute terms in 1989-97.

The most plausible explanation for this stinginess in

western boardrooms is the return of the profit motive, or, to give it its more polite contemporary name, the consciousness of shareholder value. Companies are raising their returns on investment by cutting investment.

Two manifestations of this are common. First, companies are using technology and doing deals with other companies to achieve enormous increases in production from existing capacity. In one example in the paper industry, production is being raised by almost 50 per cent from existing facilities, even though the workforce will remain steady, and even though capital expenditure is only a fraction of the normal rate on greenfield or brownfield sites.

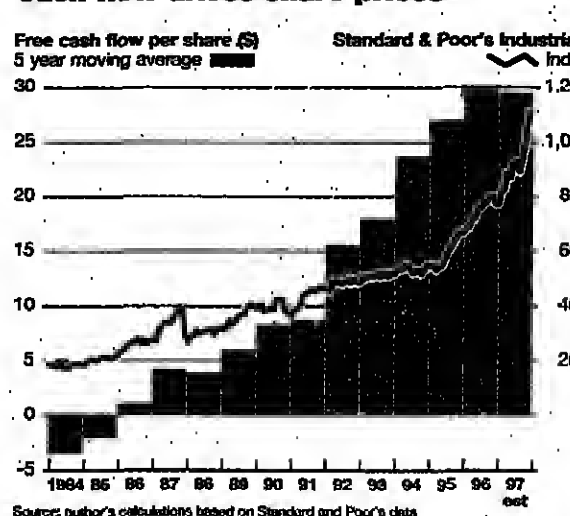
Second, western companies are proving reluctant to chase increasing demand in the Far East by joining in the capital-expenditure binge in the region, unless they have clear competitive advantages there.

The implications of the link between cash flow and share prices are profound. If net investment in fixed and working capital is driven even lower, then higher cash flow could continue to exert its upward pressure on share prices. That is, of course, possible, if companies strive for ever greater capital efficiency and if they continue to respond to the requirement of shareholder value.

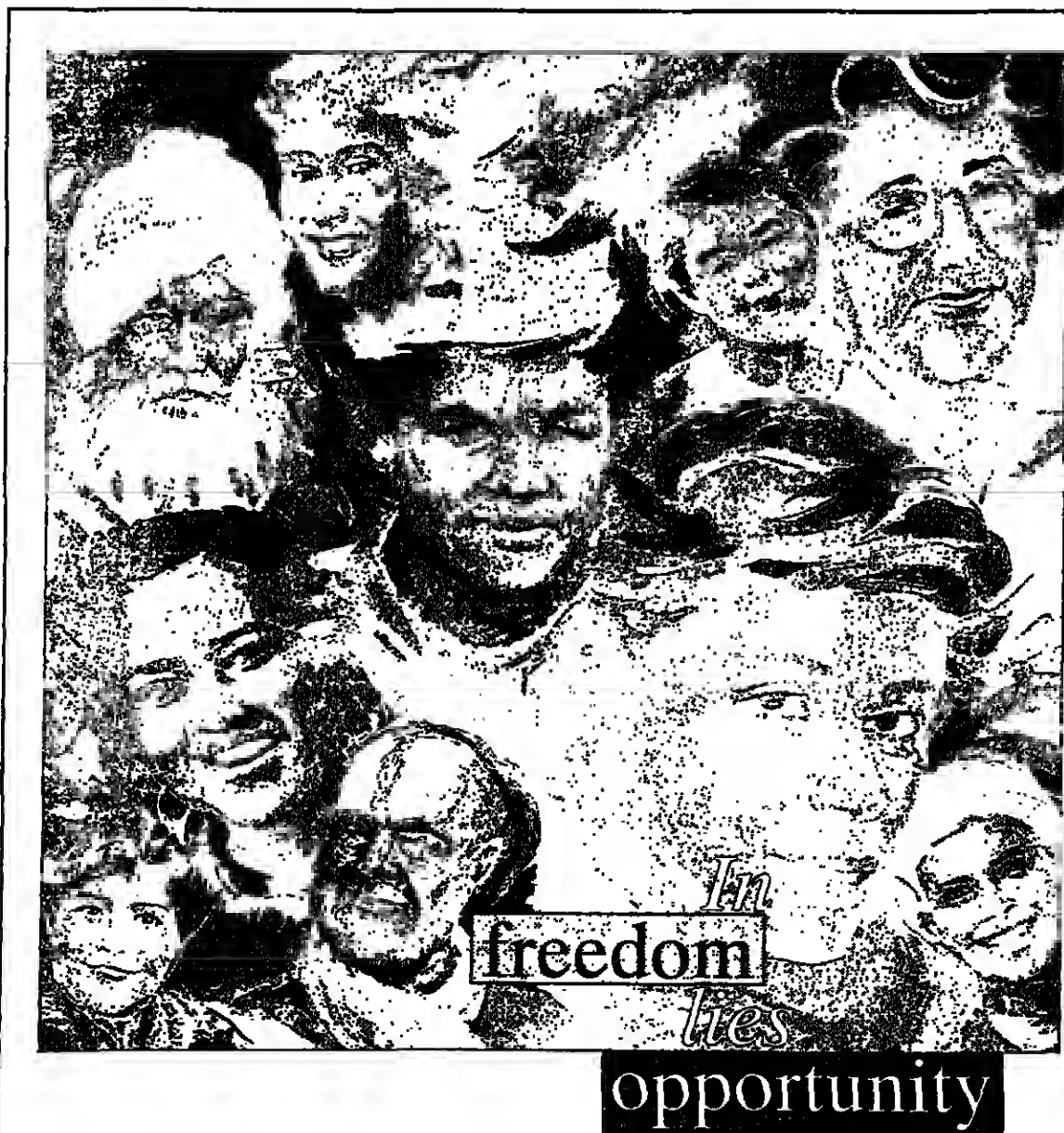
But if companies return to their old ways, increasing their spending on fixed and working capital, then the bull market could falter. As the graph shows, there is some evidence that the growth of free cash flow is slowing down in America, although the volatility of working-capital investment can obscure the longer-term trend. In Europe, there is as yet no sign of a deceleration of free cash flow. In these circumstances, the bull market might be safe for now. But it would be a brave person who believes that cash flow will continue to rise.

Miko Giedroyc is head of European equity research at Deutsche Morgan Grenfell

## Cash flow drives share prices



Source: author's calculations based on Standard and Poor's data



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## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 1TA

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## Politics of antitrust enforcement

From Ms Teresa Wysocki

Sir, Daniel Tarullo's noble call ("Wrong lesson from Boeing", August 13) for the application of international antitrust law for the benefit of consumers is at odds with a recent enforcement action taken by the Clinton Justice Department.

In a landmark decision last March, the First US Cir-

cuit Court of Appeals criminally convicted Tokyo-based Nippon Paper Industries (NPI) for fixing the price of fax paper sold in the US, despite the fact that NPI controlled a mere 6 per cent of the North American market. The purported economic rationale underlying the decision - that US consumers were injured by the actions of such a small supplier - painfully points to a

purely political motive for this prosecution. The indictments came just months after Washington issued tough new antitrust enforcement guidelines. Furthermore, it was hardly surprising that the first target selected was Japanese, given the US's chronically large trade deficit with that country.

Thus, the politically-charged nature of the recent

debate over the Boeing-McDonnell merger is not as atypical as Mr Tarullo maintains. On the contrary, it would seem that international antitrust enforcement is becoming the preferred weapon of protectionist-minded politicians.

Teresa Wysocki  
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Maspeth,  
New York 11378, US

## Oil exploration raises a legitimate issue for Greenpeace to address

From Mr Chris Hewett

Sir, In accusing Greenpeace of being "intellectually risible" for campaigning against oil exploration ("Greenwars", August 12), your editorial comment was uncharacteristically subjective. First, climate change is now an accepted fact by all but a handful of scientists.

The insurance industry is now among those calling for urgent action to cut CO<sub>2</sub> emissions. It may not have the emotional resonance of saving the whale, but many would argue it is a far more important issue for an international environmental organisation to concern itself with.

Second, your dismissal of renewable energy sources as "expensive", "ugly" and "annoying" fails to acknowledge the vast technological capabilities of the energy industry. One could argue that deep sea oil exploration itself was prohibitively expensive not many years ago. The costs of wind and solar energy have been falling at similarly rapid rates, as improvements have been made in design and siting.

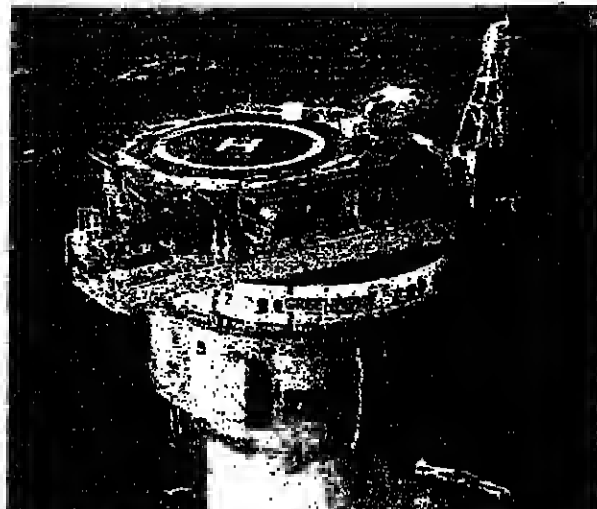
Of course measures to curb energy demand from governments are the correct way to address climate change. However, when governments fail to deliver, as they have so far on climate change, pressure groups sometimes take matters into their own hands. You are right to question the tactics and the target of Greenpeace's latest campaign, but the issue is most certainly a legitimate one.

Chris Hewett,  
research fellow,  
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Research,  
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London WC2E 7RA, UK

From Professor David R. Cope

Sir, Your leader "Greenwars", regarding the actions of Greenpeace in the North Atlantic did not recognise the full dimensions of the organisation's position. You state that Greenpeace displays "the feeblest grasp of proportion" regarding the potential widespread use of renewable energy but, to its credit, it has also assiduously promoted energy conservation as a strategy, (which you call for in your leader).

Although such strategies are not favoured by the more "fundamentalist" tendencies within the pressure group, Greenpeace has recently teamed up with various companies to promote energy-



Oil exploration: Greenpeace tactics may be questioned - Royal Dutch/Shell's Brent Spar platform (above) was a target two years ago - but issues are legitimate. AP/Greenpeace

efficient technologies.

What, however, is most curious about Greenpeace's current actions is why it is targeting the international oil industry. It claims its primary motivation is potential global warming from carbon dioxide emissions. Yet for each unit of energy produced, the burning of coal results in about 30 per cent more emissions of carbon dioxide than the burning of petroleum.

Furthermore, if compared with natural gas, the production of which is also a major activity of most of the international petroleum companies, coal burning releases about 80 per cent more carbon dioxide.

Perhaps it is the opportunity for media coverage, rather than environmental rationality, which determines Greenpeace's choice of targets.

David R. Cope,  
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Development,  
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From Mr T.J. Evans

Sir, Chris Rose of Greenpeace UK points out (Letters, August 13) that the world's atmosphere cannot sustain the burn of more than a small percentage of known fossil fuel reserves. Indeed, it is now widely acknowledged that a shift to solar and other renewable forms of energy will be a feature of the first quarter of the next century.

For the short term, however, there will be no realistic alternative to fossil fuels. It will be important to use those sources of such fuels which are both economic to produce and environmen-

tally safe and it seems to me there is considerable merit in exploiting those resources which are well away from centres of population. It is also strategically important to this country to have reserves under its own control.

Furthermore, the deep-water hydrocarbon resources which BP seeks to exploit is a valuable feedstock for the world's petrochemical industry. The range of products which are created from a single barrel of oil represent a diverse and valuable resource for the community. Chris Rose's view is blinkered to the extent that he sees only a traditional exploitation for these reserves rather than allowing for the ingenuity of engineers and scientists to make more effective use of the reserve.

Within the chemical engineering community, 18 leaders of the world's leading scientific societies, including Keith Taylor, president of the IChemE (and chairman and chief executive of Esso UK), committed to the London Communiqué in April this year. Our profession signed up to use our skills to improve the quality of life: foster employment, advance economic and social development, and protect the environment. This challenge encompasses the essence of sustainable development. We will work to make the world a better place for future generations.

T.J. Evans,  
chief executive and  
secretary,  
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165-169 Railway Terrace,  
Rugby CV21 3HQ, UK

## Health warning SE could have issued

From Mr Stephen J. S. Hart

Sir, Eurotunnel shareholders ("Tunnel swallows investors' hopes", August 9/10) have many grievances, but why is no finger pointed at the role of the London Stock Exchange in the story?

That a company's performance may suffer from poor management is a risk every investor accepts when he becomes a shareholder. That this piece of massive infrastructural engineering was a private sector project was as plain as a pikestaff, at least in the UK (in France the government had a more ambivalent attitude towards state investment).

Margaret Thatcher, the then UK prime minister, made her views well known; they were fully consistent with her loudly-expressed general opinions, and indeed she would not have obtained political agreement for the Channel tunnel otherwise.

But what was the stock exchange doing, admitting to listing a totally new company without any trading history, and with next to no prospects of having any income for the foreseeable future? Normally, a company seeking a quotation must have a profits record covering a considerable period, and yet on this occasion the exchange listed a wildly speculative business.

If ever an investment needed a health warning it was the Channel tunnel, which might never have produced a penny or centime of income. Ordinary investors are routinely protected from far less risky investments, and they should be able to rely on the stock exchange to regulate itself by declining to admit such total speculation.

Stephen J. S. Hart,  
The Coach House,  
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Colwall,  
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## It's more loos we want, not 'upgraded' ones

From Mr Brian S. Walling

Sir, I was appalled, as a frequent air traveller, to read that some airlines are considering upgrading their loos ("Getting to the seat of the problem", August 9/10). Don't they know that the biggest single complaint about loos is that there simply aren't enough? Please, we want to have more loos, not to encourage passengers to stay in the present loo longer! Eight, 10 and 12-hour

flights are common these days; 200 economy passengers trying to use just four loos (in business class typically still about 35 per loo) on a long flight is pure misery, as well as unhygienic.

There seems to be a conspiracy not to compete in this area. My vote will certainly go to the airline that breaks ranks and increases the number of loos, instead of wasting millions on uncalculated in-flight tele-

phones, complex multi-channel seat-back video screens and the like. Instead of all the league tables that show the minute differences in leg room, how about starting a table that shows which airline is most generous with loos per passenger?

Brian S. Walling,  
management consultant,  
50 Queen of Denmark Court,  
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London SE16 1TB, UK

## Tongue tied, by jingo

From Mr Marco Giovanelli

Sir, Your editorial "Language Law" (August 13) parades the sort of cultural jingoism one only too often witnesses in international circles.

Rightly, you condemn the "state of perfect confusion" in which German attempts to simplify the rules governing the national language have ended up. Equally reasonably, you advocate "clarity" and "precision" as among a language's most desirable qualities. Yet your criticism would perhaps have been more relevantly applied to the intricacies of German constitutional law, rather than to the German language itself.

After all, no one needs reminding that those "intimidating non-native speakers so much as the ones through which many original thinkers helped shape the identity of the western world."

Marco Giovanelli,  
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London N19 4PB,  
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# FINANCIAL TIMES

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Friday August 15 1997

## Jospin's fiscal headache

The flurry of speculation during the preparation of the 1998 budget in France is not just a result of the strict silence observed by the cabinet. It also reflects the embarrassment of a government which has painted itself into a fiscal corner.

Without an absolute majority in the Assembly, the Socialist-led cabinet depends on the support of Communist MPs. This obviously limits the scope for spending cuts. On the other hand, Mr Lionel Jospin, the prime minister, is unwilling to raise income tax for fear of a middle-class backlash, especially with low domestic consumption holding back recovery.

The spending side of the draft budget discussed last week was the subject of fierce fighting. Some FF10bn (\$1.6bn) earmarked for the creation of 150,000 public sector jobs was to be matched by cuts in less efficient job subsidies. But Mrs Martine Aubry, the employment minister, would have none of it. It seems that the defence budget, trimmed twice this year, will again bear the brunt of the cuts.

At best, this would leave next year's deficit at 3.3 per cent of gross domestic product. With the 1997 figure set to overshoot the target by the Maastricht treaty by the same amount, France is under pressure to demonstrate that it can keep net borrowing on a downward path.

As the spending side of the budget is now agreed, bolstering revenues seems to be the only answer.

One possible solution would be in a repeat of this year's raid on the coffers of France Télécom which saw FF37.5bn passing from the utility into the state's pocket.

There have been suggestions that EdF, the electricity company, might be a source of additional funding, which would help the budget hit the magical Maastricht 3 per cent. That would be a false move, and hardly evidence of long-term fiscal soundness.

Mr Dominique Strauss-Kahn, the finance minister, hopes a return to growth will release some of the pressure. Alternatively, if the authorities go ahead with the privatisation of France Télécom, the receipts could be handed to loss-making state companies, a move allowed by the Maastricht rules. But this will have a limited impact, both in scope and time.

If it wants lasting fiscal credibility, the government must confront spending decisively. It has more margin to do so than individual ministers like to admit. At present, 40 per cent of public expenditure goes in civil servants' pay and benefits. Mr Jospin must contemplate pensions reform and downsizing the civil service if he is to liberate himself from his budget straitjacket.

## Out of Albania

The Italian-led international peacekeeping mission in Albania, just concluded, deserves congratulation. Above all, it was only the force's presence which made possible the reasonably free elections in June. These led to a peaceful transition of power from the discredited former administration.

It was lucky, however, that the election results were so unambiguous. A closer result, with the possibility of a challenge by the losers, could have led to renewed fighting and either a longer and deeper international engagement or an embarrassing retreat.

As it is, the new Albanian government has both a clear mandate and international goodwill. This should now express itself through substantial aid for the restoration of the infrastructure wrecked during the unrest and for the creation of institutions which will prevent violence from recurring. Among these are stable and honest banks and supervisory bodies.

Before this can happen, however, order must be restored, and the government faces horrendous difficulties. It has made a brave start by sending police into the town of Vlore and arresting gang members there; but many of the army's heavy weapons are now in the hands of criminal gangs and local militias, and most roads remain

utterly unsafe. In northern areas loyal to former President Sali Berisha, the new authorities would in any case be well advised to leave well alone, at least for the moment.

Much new equipment, training and money for the police and army will be needed, and they will have to come from outside. The Italians, Greeks and Turks have left behind small missions to advise and report to their governments. Nato and the EU should also do all they can.

For while things have gone far better than they might have, the Albanian crisis still has depressing implications for Europe. When violence erupted in March, both Nato and the EU shied away from involvement. The international mission was in the end driven and manned chiefly by Italy, the country most threatened by the side-effects of Albanian anarchy. And even in Italy, the domestic political reaction almost brought down the Prodi government, forcing it to make the troops' mission a short one.

So far in Albania, this has not mattered; but if a similarly precipitate withdrawal is repeated next year by the Sfor troops in Bosnia, war could resume. And the Bosnian war did more than humiliate Nato. It created splits between the US and Europe deep enough to threaten the organisation's existence.

## Mark Nicholson argues that Nehru's legacy has been a mixed blessing for India

"The legacy of the greatest mass movement of the 20th century has been squandered."

That verdict on India's 50 years of independence (in a weekly magazine called Outlook), captures a widespread sense of dissatisfaction. Is the verdict justified? Has India, born 50 years ago today, been in some sense a failure? Any judgment needs to begin by comparing the record of the past half century with the aims set out by the country's first prime minister, Jawaharlal Nehru.

At midnight on August 15 1947, Nehru said that India had "redeemed its pledge" of independence "not wholly, or in full measure, but very substantially". Over the next 17 years, he sought to redeem the pledge fully through a great project to transform his country.

He had three aims. First, and most important, he wanted to make the partitioned former colony into a constitutional and democratic nation state. Second, he wanted to turn India from a poor, rural country dependent on manufactured imports into an industrial power that was self-reliant and protected from the vagaries of international capitalism. Third, Nehru wanted India to emerge from under its colonial cloak to become an independent force, one that stood aloof from the emerging rivalries of the cold war and would be a leading force in what during his years became known as the Third World.

Of his success in the first task, implanting democracy, there can be little question. Except during Indira Gandhi's "emergency" (ie, autocratic) rule in 1975, India has enjoyed an unfettered press, held successive fair elections, allowed different parties to alternate in government, and kept the army in the barracks. Nehru also managed to make India a united country for the first time in its history. (During the British Raj, much of the country had been ruled by independent princes). It is an enviable Asian record.

Further, India's traditions of political accountability and a free press have spared it the horror of mass starvation. Politicians were forced to respond to early signs of famine. That is a significant distinction from China.

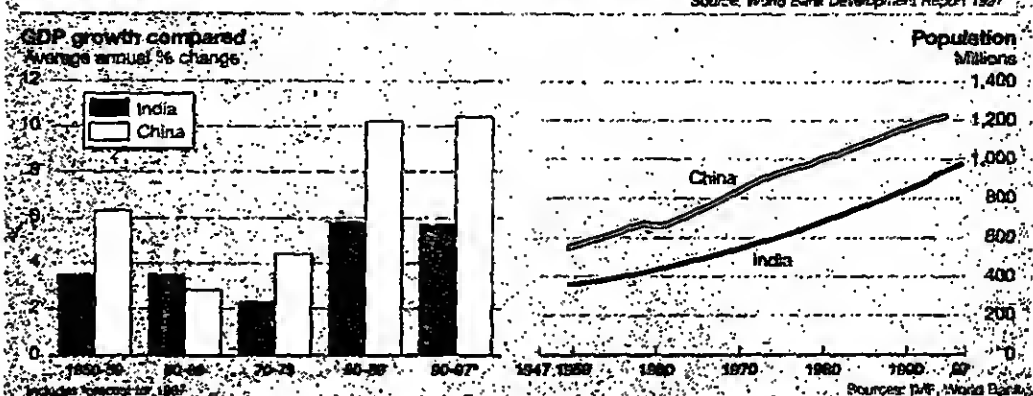
But no one could argue that India's economic performance has been a success. With a sixth of the world's people, India houses a third of its absolute poor. Half its population is illiterate and half its children undernourished. These are worse records than in sub-Saharan Africa.

Certainly, India has succeeded in feeding a population which has almost trebled since independence to 960m. But in terms of living standards its Asian neighbours have shown what an opportunity India has missed. Many of those countries were on an equal economic footing with India in the 1960s. China, for example, had roughly the same per capita income as India in 1947. Today's China is twice as rich. In 1947, a report said that India, because of its natural resources, skilled administration and established rule of law, was more likely to achieve fast growth than South Korea. Now, Korea's GDP per



	India	China		India	China
GDP per capita (\$ 1995)	340	620	Prevalence of malnutrition (% under five)	65	17
Poverty (% of people living on less than \$1 per day)	52.5	29.4	Infant mortality rate (per 1,000 births)	68	34
Life expectancy	62	69	Televisions per 100 people	4	5
Adult literacy (%)	48	19	Public spending on health (% of GDP)	1.3	2.1

Source: World Bank Development Report 1997



head is more than 1,000 per cent higher. India's growth rate until the late 1980s - 3-4 per cent a year - became disparagingly known as the "Hindu rate of growth".

The country's "non-aligned" foreign policy has suffered a fate that lies somewhere between this qualified economic failure and the modest political success. It has simply been hyped. What ever relevance the non-aligned movement had in the 1960s has largely disappeared since the disintegration of the Soviet Union.

Yet Indian leaders have continued to affirm that the movement remains central to the country's foreign policy. Blinked by their protectionist economic policies (at least until the early 1990s), they failed to adjust to a world in which trade and investment were reshaping global alliances. Meanwhile, India's attempts to lead and develop its own regional grouping, the South Asian Association for Regional Co-operation, floundered on the inability of India and Pakistan to reconcile their bitter differences.

These outcomes have all flowed from Nehru's original project. For Nehru the creation of a modern nation required a combination of political freedoms and economic protectionism and cen-

tral planning. Mr Sunil Khilnani, a political scientist, writes in a recent book *The Idea of India*, that Nehru was convinced that "political independence would not remove India's vulnerability to economic imperialism".

So a five-year plan was written. A labyrinthine system of licenses and controls was set up to direct domestic investment into favoured projects. All sorts of restrictions were placed on trade and foreign investment, and massive resources were poured into public-sector enterprises. "The strategy of Indian industrialisation did not change much from independence to 1990," wrote two economists, Mr Vijay Joshi and Mr Ian Little, in a recent study. "It emphasised heavy industry, public ownership and import substitution. This went along with contempt for the price mechanism and a belief that competition was harmful."

In 1991, this economic part of Nehru's legacy collapsed. Hit by the loss of traditional markets in the Soviet Union and by the Gulf oil shock, India began to run out of foreign reserves. The crisis forced, and permitted, reform. Mr Manmohan Singh, then finance minister of

the Congress Party government, swept aside many of the Nehruvian controls.

At the time, Mr Singh said he expected "blood, sweat and tears". In fact, after just two years of slower growth, the reforms reaped some rewards. Helped by unprecedented interest from foreign investors, India's growth rose to between 6 and 7 per cent a year. A lot still needs to be done if India is to achieve the sort of growth (6 or 9 per cent) that would pull its millions out of poverty.

But the reforms so far have already had one further impact, this time on a part of Nehru's political legacy. The end of industrial licensing and the opening of trade has shifted many economic powers from the central government to India's states.

The force of this regional economic power is the greater because it coincides with a movement towards the devolution of political power in India.

In many Indian states, notably Assam, Punjab, Maharashtra, Tamil Nadu and Andhra Pradesh, assertive regional political groups have emerged. In the poorer and more deeply caste-ridden north Indian states, particularly Uttar Pradesh and Bihar, there have sprung up local

parties defined by caste allegiance. These groups flourished amid the general increase in participatory democracy during the 1970s and 1980s. They were also helped by the simultaneous decay of the 112-year-old Congress party. Nehru's party, which ruled India almost uninterrupted for more than 40 years.

Congress's political hegemony is, however, over. Widely perceived as ageing, corrupt and out of touch, the party polled a record low vote in last year's elections. Congress was always an informal coalition of upper caste Hindus, lowest-caste Dalits and Muslims. Now, the component parts have begun to form their own parties.

These new trends showed up in the results of last year's elections. Congress's share of the vote declined further and no party won a majority. Instead, 13 disparate parties united to form the government - chiefly to keep from power the Hindu nationalist Bharatiya Janata Party.

The fractious and uneven performance of the United Front government today exercises India's pundits. But there is a deeper question facing the country. As parts of Nehru's legacy are dismantled, many Indians are beginning to wonder whether their country will survive as one nation. In a poll in this week's *India Today*, 95 per cent of the 12,000 respondents said they considered their vote "valuable". But only 41 per cent thought India would remain united in the next 50 years.

In fact, there is no immediate threat to the union. Only in Jammu & Kashmir and in the north-east are there true separatist movements. It is another achievement of India's 50 years that there remains a broad consensus over the integrity of the state that Nehru built. But there is a doubt that the new "sectional" politicians will be able to co-operate and govern the country.

For some, these forces are an inevitable consequence of the growth of democracy. Mr V.S. Naipai, author of three books on India, wrote that his travels round India had persuaded him the country was "developing quite marvelously". But he added: "When a country begins to extend justice to people lower down, it's a very messy business.... And that's what you have now, all these small politicians with small reputations and small parties. But this is part of growth. This is part of development."

But if India's future has seldom been more difficult to predict than in this, its 50th year, it has perhaps never been more important. Early next century, India will become the most populous country in the world. And on this huge state, the dilemmas of democracy and diversity are being played out.

Mr Khilnani sums it up thus: "The assertion of community and group rights and the use of democracy to affirm collective identities; the difficulties of maintaining large-scale, multi-cultural political unions; the compulsion to make democracy work without prosperity.... The older democracies might recognise that each of these stands uncomfortably close to their own doorsteps."

## Unscpt'd isle

The British Tourist Authority is redesigning its logo, causing tremors among the tourist and blues in the nation. British Airways has already spent millions downgrading the role of the union flag in its livery, raising disconcerting questions of national identity.

For good (or bad) measure Mr Tony Blair, the prime minister, is importing frothy folk from the music and design industries into his Downing Street parties. There is no escape, it seems, from a serious attempt to redefine Britain's brand image. The hunt is on for a post-imperial, non-historical, anti-theme park marketing message.

And not before time, you may say. British beef has been tarnished by BSE. The royal family keeps ever more curious company. Of the handful of Church of England clergymen who still believe in God, half seem to be gay and worried about it. The great national game, cricket, has degenerated into a monotonous crawl punctuated by outbursts of brutish speed and bad temper. Throw in a residue of warm beer and the brand is a global liability.

The difficulty in recreating the image is that British national identity without the royals, the Archbishop of Canterbury and beefeaters is so frustratingly difficult to pin down. For a start, the country is

not a scpt'd isle hut four different nations; and its identity will become even more disparate after Mr Blair's constitutional reforms take effect.

Some people in mainland Britain feel less in common with the Ulster loyalists who wear funny hats, bang drums and speak impenetrable English than with sausage-eating Germans. Many Scots, if not disloyal, are simply different. The Welsh are less hostile to London than the Scots, but they have recently become less obviously British thanks to the compulsory reinvention of the Welsh language in schools. And cricket, of course, has been less successful in penetrating the Celtic fringe than the British empire of old.

The striking feature of modern British identity is its sheer eclecticism. Think only of British cuisine, where the multi-racial character of the country has worked wonders on the national palate. And there's the rub. It is hard to turn eclecticism into a brand image.

Heritage, even when looted, thus has its uses. Besides, the beefeaters and warm beer will help tourists fathom one of the great conundrums of the age: why the citizens of the country that once ran the greatest empire known to man are now poorer than those of Luxembourg - and why, politicians apart, it doesn't bother them.

## OBSERVER INDIA AND PAKISTAN 50TH ANNIVERSARY

### Celebration by numbers

India's golden jubilee needed a lot of organising - so the government appointed a lot of organisers. First there was a 227-strong committee chaired by the prime minister, stacked with politicians and luminaries like Mother Teresa and film star Dilip Kumar. It managed to meet twice - both times, fewer than half the members attended.

Then there were 10 advisory groups from various ministries, with two joint secretaries and a staff of 80 looking after an overall budget of Rs510m (\$14m). Despite, or maybe because of, this army of busy bodies, few events came to pass. "The babus (bureaucrats) in Delhi sat and slept over files as time ran out," said the exasperated Indian Express this week.

They did manage to set up two big set pieces - last night's midnight session of parliament, including a playback of Nehru's 1947 "tryst with destiny" speech, and a March of the Nation through the centre of Delhi, with representatives from all India's regions, religions, trades and professions.

The organisers had hoped for 25,000 marchers but there hasn't been much of a festive mood in Delhi - so this week the babus were finally panicked into

action, sending circulars to government departments and trade organisations urging them to make a good showing. It would have been some parade if all the organisers had turned up.

### Cake stand

Pakistanis are ambivalent about what to make of their country's 50th anniversary, let alone how to celebrate it. Unemployment is high, manufacturing is shrinking and a draconian new anti-terrorism law has been introduced. The mood became more sombre last night when two people died in a crowd stampede as prime minister Nawaz Sharif visited the tomb of Pakistan's founder Muhammad Ali Jinnah.

Religious activists have pulled a number of stunts - a mock hanging hit the front pages this week - to underline their argument that there's nothing to celebrate: they'd like a stricter interpretation of Islam as well as economic success.

The government is trying to kindle some enthusiasm by arranging fireworks displays and illuminating state buildings. Things may be bad, runs the official line, but let's be glad the country has survived for five decades.

There's a little consolation for some in what's claimed to be the world's tallest cake, baked in

Faisalabad. The Guinness Book of Records has been invited to measure it, but the city's 1m-plus people have been invited to take a bite, so the record gurus had better be quick.

### Fighting fit

Better late than never: the Indian government looks set this week to bestow some jubilee honours on its "freedom fighters", the ageing elite who suffered in the country's independence fight against the British.

Their pension will be doubled to Rs3,000 (\$84) a month and there are some new perks - the *Hindustan Times* says they'll get cash gifts on the marriage of their eldest three daughters. Given that the youngest freedom fighters are in their late 60s, and most Indian women marry in their early 20s, Observer wonders if these gifts will be retroactive.

One offer for freedom fighters, whatever their age or family circumstances, is a free annual flight to the Andaman Islands to visit the notorious island prison which was the Raj's Robben Island. A merry prospect indeed.

### Guest speaker

Time may be a great healer, but India's politicians remain

touchy about representatives of the old Raj, even 50 years on. Britain has endeavoured to play a decorously low-key role in India's jubilee celebrations, but it hasn't managed to be low-key enough for some.

The sole British political guest at the celebrations is Betty Boothroyd, speaker to the House of Commons. She was initially pencilled in to address last night's special parliamentary session, but this idea was dropped after the Hindu nationalist Bharatiya Janata Party objected.

Then P.A. Sangma, the Indian speaker, invited Boothroyd to sit up on the dais with him during the session, but this was dropped after an all-party protest: she represented the "seal of the colonial regime that put India under subjugation for over two centuries," said one MP. It may be the same issue as 50 years ago, but at least India's politicians can agree about something.

### Midnight feast

One small piece of Pakistani political history was made as prime minister Nawaz Sharif began his ceremonial speech to parliament at one minute past midnight. A late-night appearance by a Pakistani premier usually means he's just been sacked by the president.

### 50 years ago

**India And Pakistan**  
At midnight to-night 163 years of British rule in India ends, and the birth of the new Dominions of India and Pakistan will be proclaimed. The keynote of to-morrow's independence is the necessity to restore order in both new Dominions without delay. Bearish stock and commodity markets and rising prices for imported goods indicate the need for definite trade and industrial policies both in India and Pakistan. Divided India enters dominionhood in a parlous economic plight which the release of £65 millions sterling under the new agreement with Britain will not substantially help.

**Reply To Marshall Aid Plan**  
A policy lead probably from Britain to steer the 16 nations planning their reply to the U.S. on the Marshall aid to Europe offer is confidently expected by observers in Paris during the vital last 10 days of the talks when the executive and co-operation committees are to make the final decisions on Europe's blue-print for reconstruction. Although the committee for European economic co-operation has now been at work for four-and-a-half weeks and has a self-imposed deadline of 1st September, the economic blue-print still looks vague.







**IVECO**  
**Ford**  
**TRUCK**  
BRITAIN'S  
INTERNATIONAL TRUCK MANUFACTURER

FINANCIAL TIMES  
**COMPANIES & MARKETS**  
Friday August 15 1997 Week 33

**Astrak**  
electronic component  
and equipment  
manufacturers  
**WOLSELEY**  
The name behind  
the name

**IN BRIEF**

**RWE to simplify share structure**

RWE, the German industrial conglomerate, saw its listed shares jump DM7.85 to DM87.50 in heavy trading in Frankfurt after announcing plans for a simplified share structure. Page 14

**Strong turnover growth by Aker**  
Aker RGI Holding, the newly created Norwegian conglomerate, reported its maiden half-year figures, showing pre-tax profits of NOK948m (\$124.7m). Turnover for the consolidated group grew strongly from NOK9.51bn to NOK12bn. Page 14

**Fisher breaks off bid talks**  
Takeover talks between Albert Fisher, the UK produce and seafood group, and a bidder believed to be Chiquita Brands, the US banana company, have broken off. Page 16; Lex Page 12

**Call Realty rises on \$1.2bn deal**  
Shares in Call Realty, the New Jersey-based real estate investment trust, gained 5.6 per cent in early trading as the market reacted to the news that it was to pay \$1.2bn for 55 office properties which are currently privately held. Page 16

**Price falls hit Korean chipmakers**  
Samsung Electronics and LG Semicon, South Korea's two leading chipmakers, reported sharp falls in first-half net profits as prices for mainstream 16-megabit memory chips remained low. Earnings at Samsung fell 73 per cent to Won123.2bn (\$93.8m); LG Semicon's profits dropped 88 per cent to Won16bn. Page 15

**Colonial set to meet forecasts**  
Colonial, the Australian financial services group that listed in May, is on course to meet, if not exceed, forecasts of full-year profits of A\$180m (US\$134m), said Mr Peter Smedley, chief executive. Page 15

**NEC to launch rival to DVD**  
The battle to set the standard in the market for next-generation recordable discs looks set to intensify after NEC, Japan's largest personal computer maker, unveiled plans to launch an optical disc next year. Page 16

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**Chief price changes yesterday**

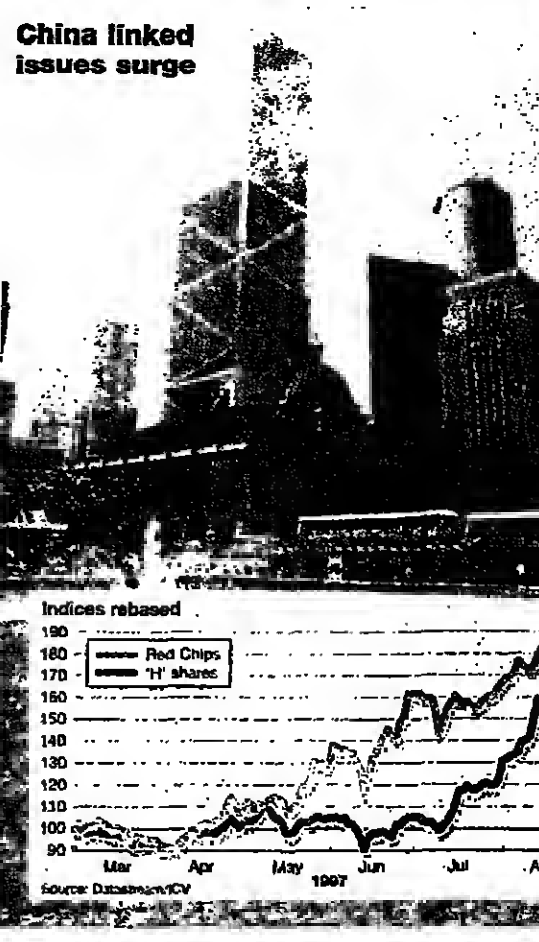
FRANKFURT (DM)		PARIS (FFr)	
Alcatel	148.10 + 6.10	Alcatel	829 + 11
DLW	202.50 + 8.50	Dash France	571 + 11
Preussag	595 + 8.80	Sas	176.50 + 8.80
Paula		Tecnap	724 + 24
USP	68.67 - 3.53	Paula	
SWW	1365 - 48	Rancette Chip	726 - 14
Novelt	2530 - 115	Lepard	1121 - 30
NEW YORK (\$)		TOKYO (Yen)	
Alcatel	37% + 1%	Alcatel	1020 + 80
DLW	22% + 1%	Dash France	1420 + 80
Preussag	33% + 2%	Novelt	2950 + 100
Paula	25% + 1%	Novelt	3790 + 130
Novelt	25% + 1%	Novelt	3250 + 180
Novelt	15% + 2%	Novelt	325 + 16
LONDON (Pence)		HONG KONG (HK\$)	
Alcatel	129% + 1%	Novelt	5.30 + 0.50
DLW	624% + 23%	Novelt	3.27 + 0.23
Preussag	80 + 6%	Novelt	14.35 - 0.85
Paula	36% + 4%	Novelt	7.25 - 0.10
Novelt	7% - 7%	Novelt	5.35 - 0.10
Novelt	34% - 5%	Novelt	7.55 - 0.15
TORONTO (C\$)		BANGKOK (Baht)	
Alcatel	11.50 + 1.15	Novelt	55.00 + 5.00
DLW	10.95 + 0.85	Novelt	35.75 + 3.25
Preussag	3.10 + 0.55	Novelt	38.50 + 3.50
Paula		Novelt	
Novelt	23.85 - 2.55	Novelt	23.00 - 2.50
Novelt	5.50 - 0.50	Novelt	31.25 - 2.25
Novelt	47.50 - 3.55	Novelt	38.50 - 4.25

New York & Toronto prices at 12.30.

**Boost for Hong Kong bank amid rise in Chinese business issues**

**Ka Wah shares lifted by hope of restructuring**

By John Ridding in Hong Kong  
Ka Wah Bank shares rose sharply yesterday following the announcement that Citic, the Chinese investment company which controls the Hong Kong bank, is considering restructuring its financial division.  
The increase in Ka Wah's share price, up 20 per cent to HK\$13.15, came amid a surge in China-linked issues. Indices for B-shares in Shenzhen and Shanghai, which are reserved for foreigners, rose almost 10 per cent, while the index for red chips, the Hong Kong-listed vehicles of mainland businesses such as Ka Wah, gained almost 1.5 per cent.  
Investment analysts said the rise in H-shares, Hong Kong-listed mainland state-owned enterprises, reflects expectations of restructuring in Chinese state-owned companies.  
H-shares paused after a rally which has lifted them by more than 30 per cent since Hong Kong returned to Chinese sovereignty last month.  
"Industrial restructuring will be one of the major issues on the agenda at the forthcoming party congress," said Ms Piti Lau, senior analyst at Salomon Brothers in Hong Kong.  
Restructuring, she said, could boost the performance of Hong Kong-listed state-owned companies through asset injections or mergers.  
Yesterday China-backed issues again dominated trading with Ka Wah Bank one of the most active shares. On Wednesday, all 10 of the most actively traded shares were red chips or H-shares. Yesterday all but one of the 10 most heavily traded shares were China-backed issues, with Ka Wah Bank seeing the heaviest volume.  
Ka Wah Bank, one of Hong Kong's smaller banks, said it was considering a proposal to delist its shares as part of a listing process for a new holding company. It said the formation of the new company could assist in its expansion, raising expectations of asset injections from Citic.  
Under the terms of the proposal, Ka Wah Bank would become a wholly owned subsidiary of the new holding company.  
Shares in the new company would be distributed to investors in Ka Wah, according to a statement. "The proposal is prompted by management's desire to put in place an efficient corporate structure for its banking and related financial operations," the bank said.  
Investment analysts in Hong Kong said the restructuring could involve combining Ka Wah and Citic's industrial bank, which operates on the mainland.  
"The market expects that mainland assets would be injected into the new vehicle," said one Hong Kong banking analyst. "It would be easier for the holding company to buy assets because Ka Wah is currently restricted in the assets it can buy by the Hong Kong banking ordinance."



**Kong banking ordinance.**  
Several other mainland-backed companies have restructured their financial divisions. In June, China Everbright, the conglomerate controlled by China's state council, transferred a 20 per cent stake in its banking operation to one of its Hong Kong-listed subsidiaries. That deal followed a move by China Resources, one of the oldest red chips, to buy a controlling stake in HKCB Bank for HK\$2bn.

**UK cell phone group issues challenge**

By Virginia Marsh in London  
Orange, the newest of the UK's four cellular phone operators, yesterday threw down the gauntlet to its competitors, announcing plans to double its capital expenditure over the next two years.  
Mr Hans Snook, managing director, said Orange would invest £800m (\$1.3bn), rather than the planned £400m, to improve its network. It plans to increase the number of its cell sites - base stations - from 2,900 to 6,000 by 1999.  
"This level of spending will clearly have an impact on the industry," said Mr Martin Mabbutt, telecoms analyst at UBS. "It will be a worry for the others and they will have to re-examine their capital expenditure plans."  
The investment plans far exceed those of Vodafone, the UK's largest mobile phone operator. Vodafone said yesterday it was planning capital expenditure of about £500m for 1997-98, about half of which would be used to attract new customers, further reducing "churn" - the movement of subscribers between operators or off networks.  
The investment would also allow Orange to launch advanced services such as video telephony.  
Research indicated coverage easily outweighed cost as the main factor for churn and that customers expected better indoor connections and broader geographical coverage. The sector's potentially strong growth rates were being held back by churn. In the first half of the year there were 1.61m (1.45m) new subscribers in the UK but taking into account cancellations the market grew by just 560,000.  
The announcement of the investment came as Orange, which floated last year, announced better than expected interim results and said it was on track to become profitable on a month-by-month basis by late 1998.  
Losses - which had been forecasted at £80m-£90m - fell to £73.5m (£125.2m) on turnover up 67 per cent to £426.9m.  
Orange's UK market share rose to 13.3 per cent, with the company taking 35 per cent of net market growth in the first half. Subscribers increased 25 per cent to 980,000 since the start of the year, and in July passed the 1m mark.  
The shares rose 8 1/2 p to 220 1/2 p.



Hans Snook, left, with Orange's group finance director Graham Howe yesterday. Picture: Agency/Reuters

**Italy seeks telecom investors**

By Vincent Boland in London  
The Italian government is asking some of the world's leading telecoms groups to take stakes in Telecom Italia before its full privatisation scheduled for the second half of October. Up to one-third of the state's remaining 44.7 per cent stake in Italy's national telecoms operator is to be reserved for between 10 and 20 "core shareholders" in a private placement.  
The arrangement means that only about 30 per cent of the group - which has a market capitalisation of some £71.700bn (\$40bn) - will be offered to the public. The sale is still likely to be the world's highest this year.  
Morgan Stanley and Euro-mobiliare, advisers to the treasury on the privatisation, have written to about 100 potential core shareholders. The aim is to create a group of long-term shareholders to provide stability for a limited period after privatisation.  
Companies with which Telecom Italia has alliances or is planning links will be targeted, including AT&T, Unisource and Germany's Mannesmann.  
Other potential investors include Italian banks and insurance companies as well as entrepreneurs and private sector investors. IFIL, the holding company of the Agnelli family, and companies owned by Mr Silvio Berlusconi are likely to be among the latter. Some international institutional investors are also being wooed. The group will be in place by the end of September.  
Investors who agree to join the core group will each be offered a maximum 3 per cent stake in Telecom Italia, and they must agree not to sell for three years. Each investor will join individually, and will not be allowed to act in concert with other shareholders.

being held back by churn. In the first half of the year there were 1.61m (1.45m) new subscribers in the UK but taking into account cancellations the market grew by just 560,000.  
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**Troubled Crédit Lyonnais plans record ABS launch**

By Samer Iskander in Paris  
Crédit Lyonnais, the troubled French bank, is considering launching the largest ever single-tranche issue of asset-backed securities (ABSs).  
Bankers in Paris said yesterday they had been approached by Crédit Lyonnais about plans to issue up to FF40bn (\$6.48bn) of bonds, backed by part of a loan it had made to Etablissement Public de Financement et de Restructuration (EPFR) - a company set up two years ago by the French state to help rescue Crédit Lyonnais.  
"Crédit Lyonnais has asked several banks to work on such a deal," said a syndicate manager at a large French bank. ABSs are securities guaranteed by assets. In this case, the asset - the loan to EPFR - would be transferred to a financial entity created for this transaction, which in turn would issue bonds backed by EPFR's obligations.  
Just over a year ago, Crédit Lyonnais launched the largest ever non-governmental bond when it securitised one-third of the FF120bn loan to EPFR, a transaction made in four tranches. The new deal would set another record because it is likely to comprise only one tranche of bonds, according to the French financial newspaper Les Echos.  
EPFR, backed by the French government, is rated triple-A by the main credit rating agencies. In contrast, Crédit Lyonnais' problems have caused its rating to tumble to the triple-B range, substantially raising

the margins the bank has to pay when it borrows on the capital markets.  
Bankers in Paris said a triple-A rated FF40bn issue with a three to five-year maturity and offering good liquidity should be priced to yield 9-10 basis points more than government bonds with the same maturity. "If they can offer a double-digit spread, it would be a huge marketing argument," said one syndicate official. A basis point is one hundredth of a percentage point.  
Securitising the loan to EPFR would offer Crédit Lyonnais two main benefits. First, the loan would be taken off the bank's balance sheet, freeing capital for banking activities. Second, the cost to Crédit Lyonnais of carrying the loan will be reduced.

**BASF rise in profits fails to impress investors**

By Sarah Altheus in Frankfurt  
Shares in BASF fell sharply yesterday after the German chemicals group failed to impress investors with news of a 3.4 per cent rise in net profits to DM1.42bn (\$770m) in the first half of the year.  
The result, which came on the back of a 14.5 per cent increase in sales to DM27.8bn, was at the lower end of market expectations and followed a sharp profits fall at Hoechst, BASF's larger rival.  
The shares lost DM3.53, or 4.9 per cent, to DM68.67 at the end of floor trading compared with a drop of about 1 per cent in the market overall.  
"The results were alright but BASF would have had to have cheered up investors following the disappointment with Hoechst," said Ms Christiane Dienhart, an analyst at Vereinsbank Research.  
But BASF remained upbeat, citing robust demand, a strong order backlog and strength in sales and profits in the second quarter. "BASF remains on a growth path... we consider our goal of achieving higher profits in 1997 and sales of over DM50bn to be realistic." In 1996, pre-tax profits totalled DM4.4bn on sales of DM49bn.  
At the half-way stage, pre-tax profits were up 5.8 per cent at DM2.46bn.  
Echoing other German chemical groups, Mr Jürgen Strube, chairman, said the D-Mark's weakness was helping to boost sales, with foreign turnover up 15.3 per cent at DM20.7bn in the first half.  
Sales were strongest in North America, up 19.1 per cent, and the Asian-Pacific region, up 18.4 per cent.  
However, price declines, charges connected with the closure of two polystyrene plants and increased marketing costs had led to a 54 per cent decline in operating profits in North America, Mr Strube said.  
In Germany, sales were up 12.5 per cent at DM7.14bn, driven by sharp gains in the oil and gas division.  
Among BASF's core activities, health and nutrition lifted sales 19.9 per cent, but earnings fell, partly because of high marketing costs for product launches.

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## COMPANIES AND FINANCE: INTERNATIONAL

Move would phase out 'multiple voting' rights of municipal shareholders

## RWE plans simplified share structure

By Ralph Atkins  
in Bonn

RWE, the German industrial conglomerate, saw its listed shares jump DM7.85 to DM87.50 in heavy trading in Frankfurt yesterday after announcing plans for a simplified share structure.

The proposal could lead to the traditionally-dominant municipal shareholders giving up their majority of voting rights.

If successful, the move would mark a significant transition for RWE, which has suffered from its reputation as a public sector dinosaur and has long sought to persuade the municipalities to cede control.

RWE said the plan to phase out controversial "multiple voting" rights for holders of registered shares, which are mainly held by local authorities, was intended to "enhance the attractiveness of RWE's shares to foreign investors".

The company's DM2.78bn (\$1.5bn) share capital is divided into three groups - DM35.7m of registered shares, DM1.652bn of ordinary shares and DM1.09bn of preference shares. The registered shares have 20 votes each.

Under RWE's proposals, the registered shares would be converted into shares with only single voting rights. But at the same time, holders of preference shares would be given the opportunity to buy ordinary shares with voting rights.

The proceeds raised from preference shareholders would be used to compensate the registered shareholders for the loss of their voting rights. No funds would be drawn from corporate assets.

RWE said that if the plan succeeded, the voting rights held by municipalities could fall from 57 per cent to about 30 per cent. Nevertheless, the size of their shareholdings would mean local authorities remained a powerful influence over the group.

The total number of votes and the total share capital would not change, RWE added.

Mr Klaus-Peter Balthasar, deputy chairman of the Association of Municipal RWE shareholders (VKA), said yesterday that the proposals had come as a "surprise" and would be subjected to scrutiny by experts.

"A decision will not be taken by the VKA before September or October," Mr Balthasar said.

The value of bonuses paid for waiving multiple voting rights had yet to be decided but would be based on the prices of ordinary and preference shares, RWE said.

The share restructuring plan is subject to approval at the group's annual meeting in December.

RWE has not ruled out following other German conglomerates, such as Veba, the Düsseldorf-based cement, and seeking a stock market listing in the US.

It has significant interests in the energy sector and has a telecommunications joint venture with Veba.

## Producers see end of pulp friction

European groups believe the conditions are right for a steady upswing in prices

Predictions by forestry industry executives, like those of weather forecasters, tend to vary in accuracy. A year or so ago, for instance, some big international groups were confidently predicting an end to the falling prices that had sent profits tumbling in the sector.

But instead of recovering, prices of wood pulp slid further, dragging down the prices of paper and packaging grades. Investors who had bought into the sector in expectation of an imminent upswing were unamused.

Now, company officials are again gazing into their crystal balls. The big Nordic pulp and paper producers, most of which have announced big half-year profit falls in recent days, are optimistic that a turnaround is at last in progress.

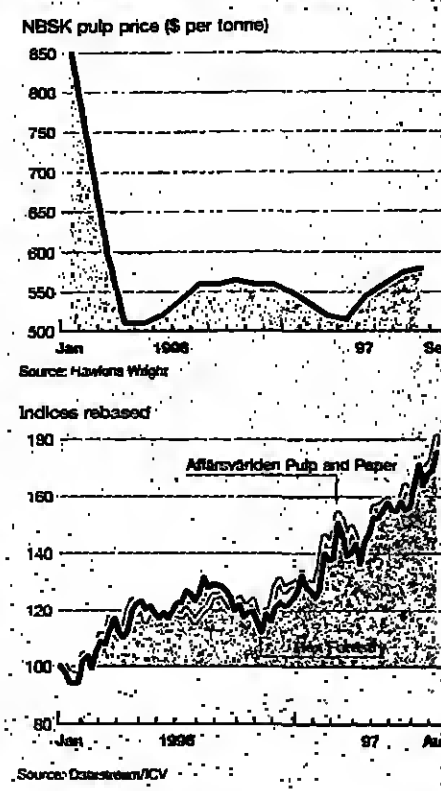
According to Mr Juha Niemelä, chief executive of Finland's UPM-Kymmene, Europe's biggest forestry group, there is "a good chance" that prices of magazine paper and newsprint can be increased this year, although rates are still likely to be lower than last year.

UPM-Kymmene and other groups have also announced a price rise of between 8 and 12 per cent for fine paper from next month. Executives stress the rebound will be gradual rather than rapid. Nevertheless, they believe the foundations are in place for a steady upswing.

Mr Lars-Ake Helgesson, chief executive at Stora, of Sweden, believes underlying conditions in the industry are better than at any time in the 1990s. Certainly, companies' balance sheets are in better shape than before.

Conscious of pleasing shareholders, managements have focused more closely on raising productivity and

Paper and pulp prices



Source: Stockholm/CEV

boosting margins rather than building new capacity. The relative lack of new mills coming on stream in an industry long prone to overcapacity should underpin future price rises. In addition, the appreciation of the US dollar has bolstered the competitiveness of European producers.

Prices of pulp, the main raw material for paper, have risen sharply since the spring as a steady reduction of inventories has reduced the slack in the market. From a cyclical low in April of \$490 a tonne, the price of northern bleached softwood kraft pulp - the industry benchmark - has risen to \$590 a tonne.

Some producers have forecast a further increase to \$610 a tonne this autumn. But some analysts believe this may be premature, arguing that the low inflation environment has made it more difficult for suppliers to pass on price increases.

Others point to an increase in inventories in July as a sign that pulp supplies are not being fully absorbed by the market.

Industry executives say inventories often rise in July, a period of lower industrial activity in the northern hemisphere because of summer holidays. Nevertheless, upward pressure on invento-

ries might have been expected to have been weaker than usual this year, because of a strike which has halted production at Fletcher Challenge Canada, one of North America's large suppliers.

Mr Mads Asprem, forestry analyst at Morgan Stanley in London, says the inventory rise "points to the fact that producers are going flat out because they are making good profits".

He worries that this could trigger fresh oversupply. One striking historical precedent is 1992, when a sharp devaluation of Nordic currencies and a strike in Canada coincided with a \$100 a tonne rise in the pulp price.

Looking ahead, Mr Johan Krüger, forestry specialist at Enskilda Securities in London, sees the pulp price advancing to \$750 a tonne in the fourth quarter of next year, rising to a peak of \$850 in 1999. But such targets could be compromised if all companies produce at full throttle, fuelling oversupply.

Producers in the past year have shown better discipline than before in curbing production at a time of falling pulp and paper prices, says Mr Krüger.

"The question is whether they are so much more disciplined when prices are rising. I am not so sure."

Greg McIvor

## Strong turnover growth by Aker

By Hilary Barnes  
in Copenhagen

Aker RGI Holding, the newly created Norwegian conglomerate, yesterday reported maiden half-year figures, showing pre-tax profits of Nkr948m (\$124.7m).

The company was created by Mr Kjell Inge Røkke, the fisheries entrepreneur, when he gained control of Aker, the engineering group, in a hostile raid and merged it with his seafoods and property interests in Resource Group International.

Yesterday's results emphasised the reduction in net interest-bearing debt from Nkr567m at the end of last year to Nkr71m.

This contributed to a cut in financial costs from Nkr117m last full year to Nkr12m, while dividend income rose from Nkr130m to Nkr243m.

The equity to assets ratio increased from 43.8 per cent on December 31 to 52.4 per cent, with equity rising from Nkr3.78bn to Nkr4.59bn and assets up by just over Nkr100m to Nkr5.75bn.

The figures for the consolidated group, including Aker Maritime, the oil and gas technology business, Norway Seafoods, and Scancon, the Scandinavian cement group (in which Aker RGI has a 33.3 per cent share), showed a strong growth in turnover from Nkr5.51bn in the first half of 1996 to Nkr12bn.

Profits after net financial items increased from Nkr257m to Nkr284m, but operating losses of Nkr237m compared with a profit last year of Nkr288m.

The poor operating performance was mainly because of Norway Seafoods, which reported a loss of Nkr313m this year against a profit of Nkr102m. Turnover rose from Nkr50m to Nkr2.95bn.

Norway Seafoods took a Nkr400m restructuring charge to cover the closure of a factory in Denmark, the closure of sales offices in France and Singapore, and the reorganisation of its South American operations.

Yesterday's statement said that Aker Maritime, the oil and gas technology business, had completed one-third of the acquisitions necessary to achieve its target of doubling turnover and profits between 1996 and 2000.

But although sales grew and orders rose strongly in the first half, pre-tax profits declined from Nkr139m in 1996 to Nkr94m because of a Nkr120m write-off on a Norwegian offshore project.

## INTERNATIONAL NEWS DIGEST

## Fears over Swiss merger

Shares of Credit Suisse Group have fallen by more than 10 per cent since it announced its Sfr14.5bn (\$9.48bn) all-paper bid for Winterthur, the Swiss insurer on Monday. There are fears that not enough of Winterthur's 30,000 shareholders will back the proposed merger at the extraordinary meeting in three weeks.

Winterthur shares, which closed at Sfr1,515 ahead of the bid, fell 3 per cent yesterday to Sfr1,372. Credit Suisse shares fell for the fourth day running, closing Sfr4 lower at Sfr186.25. Based on the share exchange offer of 1 to 7.3, this implies a Winterthur price of Sfr1,360. When the bid was announced the exchange ratio equated to Sfr1,322 per Winterthur share. The combined market capitalisation of the two companies has fallen by Sfr5.8bn to Sfr49.6bn since the deal was announced, reflecting worries that Credit Suisse is paying too high a price and the promised benefits are too small.

At least 98 per cent of Winterthur shares have to be offered for exchange to save legal costs and avoid tax implications for private investors. If this quota is not achieved, the amalgamation of the two companies will take place at a reduced exchange ratio. Mr Hans Kaufmann, bank analyst at Bank Julius Baer in Zurich, yesterday issued a sell recommendation on Credit Suisse and said there was a danger that the proposed merger would not be welcomed by enough Winterthur and Credit Suisse shareholders to meet the 98 per cent requirement. Mr Kaufmann estimated that the alternative form of amalgamation could cost an extra Sfr400m and have negative tax implications.

William Hall, Zurich

## CALENERGY

## NYSEG fails to get bid blocked

A Manhattan judge yesterday refused to block CalEnergy, the independent US power company, in its tender offer for 6.5m shares in New York State Electric & Gas (NYSEG), the regulated utility. After a day of testimony, Mr Denny Chin, US district judge, said he would not interfere with the CalEnergy bid which NYSEG had attempted to block in a lawsuit filed on July 30.

CalEnergy's tender offer of \$34.50 for a 9.9 per cent stake in NYSEG was set to expire at midnight yesterday. NYSEG, a leading power utility serving rural areas of New York State, is fighting the takeover attempt by CalEnergy, which is based in Omaha, Nebraska. The unsolicited offer, launched last month, also consists of a \$27.50 bid for all shares. NYSEG's board of directors had rejected the offer, considering them too. CalEnergy has stated it would withdraw the takeover bid, which values NYSEG at \$1.9bn, should NYSEG shareholders not tender the necessary shares by today.

Shares of NYSEG were down 2 1/2% at \$25 1/2 in afternoon trading, while CalEnergy shares were unchanged at \$35 1/2.

John Labate, New York

## TRUCKS

## Strong demand lifts Navistar

Strong market demand helped Navistar, the largest manufacturer of heavy and medium-sized trucks in the US, to double third-quarter profits at \$36m after tax, on sales 14 per cent higher at \$1.6bn in the three months to end-July. Profits for the first nine months at the company - which returned to the black in 1994 after years of losses - were \$96m, compared with \$65m a year ago. Sales in the nine month period rose more modestly to \$4.4bn, compared with \$4.3bn.

Navistar said yesterday that solid customer demand was prompting it to raise production schedules in the current quarter. Its plant in Springfield, Ohio, will step up heavy truck production from 60 to 80 trucks a day next month, while production on the medium trucks and school bus lines will be raised from 284 to 300 a day. Engine production at the Indianapolis plant will also increase to 933 units at the end of this month, compared with 830 units a day at present.

The third-quarter earnings result came a day after the company announced a tentative agreement with the United Auto Workers union over an extension to its master labour contract. The agreement will run until 2002 and end a year of difficult negotiations. Navistar also announced a separate 10-year deal with Ford, under which the Chicago company would continue to supply diesel engines, including a newly-designed engine.

Nikki Tait, Chicago

## ELECTRICITY

## Hongkong Electric jumps 21%

Hongkong Electric, the monopoly electricity supplier on Hong Kong island, yesterday announced net profits of HK\$2.09bn (US\$270m) for the first half of the year, a 21 per cent increase over the same period in 1996. The sharp increase largely reflected the sale of car-parking spaces at a development controlled by the group's property investment associate. Profits from core business rose 5.9 per cent. Following this year's restructuring of Mr Li Ka-shing's business empire, which brought Hongkong Electric under Hutchison Whampoa and Cheung Kong Infrastructure, the company said it was aggressively pursuing investment opportunities outside Hong Kong.

Turnover during the half year rose from HK\$3.36bn to HK\$3.59bn, and operating profit climbed from HK\$1.86bn to HK\$2.04bn. The interim dividend is raised from 45.5 cents per share to 50.5 cents.

John Riddling, Hong Kong

## BANKING

## Nordbanken falls to SKr2.33bn

Nordbanken, the Swedish bank in which the state continues to hold a controlling interest, reported a decline in first-half net profits from SKr2.75bn last year to SKr2.33bn, reducing return on equity from 27.8 per cent to 26.1 per cent. A fall from SKr685m to SKr65m in realised and unrealised gains from financial operations was the main factor behind the decline. Earnings were also squeezed by net interest income, which fell from SKr5.29bn to SKr4.92bn in spite of a SKr10bn rise in loans to customers to SKr4.92bn. Profits before loan losses declined from SKr4.8bn to SKr3.21bn. Loan losses were reduced from SKr290m to SKr217m, constituting only 0.14 per cent of lending commitments. Ordinary operating profits fell from SKr3.8bn to SKr3.06bn.

Hilary Barnes, Copenhagen

## PHARMACEUTICALS

## AHP buys ReFacto rights

American Home Products has bought for an undisclosed amount the rights to Pharmacia & Upjohn's ReFacto product, a treatment for haemophilia A. The blood clotting disorder affects around 50,000 people worldwide. Like other recombinant Factor VIII products, which have been available since 1992, it is not made from human plasma. However, ReFacto is also formulated without albumin. "Minimising the risk of viral transmission is key for the haemophilia community," the company said. The US and European market for factor VIII products is estimated at \$1bn.

ReFacto is in Phase III trials in the US and Europe, and, provided it receives regulatory approval, is likely to be launched within one to two years.

Tracy Corrigan, New York

## SCA offers DM550m One-offs behind for remainder of PWA UPM's 70% jump

By Greg McIvor  
in Stockholm

SCA, Sweden's largest forestry products group, yesterday announced a DM550m (\$300m) bid for the 25 per cent of the shares it does not already own in PWA, the German paper group.

SCA said the move would produce further synergies from the link between the two. In particular, it would allow a merger of the managements of SCA's Mölnlycke hygiene products division with PWA's tissue business.

Mr Alfred Heinzel, PWA president, will head a new management team to be based near Munich. Mr Kurth Augustsson, Mölnlycke

president, will be his deputy. SCA said the aim was ultimately to merge the two divisions. However, it declined to give details of projected cost savings.

The Swedish group said the purchase would lift annual net earnings by SKr1 a share. PWA yesterday announced a rise in half-year pre-tax profits from DM104m to DM135m.

The association between the two companies dates to 1995, when SCA paid DM1.2bn for a 50 per cent stake in PWA. This was later increased to 75 per cent.

SCA decided then against an offer for all outstanding shares, saying it wanted to maintain PWA's German profile and access to capital.

The change of tack will allow SCA to extend co-ordination in its hygiene operations, which are subject to increasing competition from other European producers.

PWA's tissue business and Mölnlycke's fluff products - including nappies and feminine hygiene products - have annual sales of about SKr26bn.

PWA's outstanding shareholders - chiefly of small investors - will be offered DM335 a share, a DM23 premium to PWA's closing price on Wednesday. This compares with the 1995 acquisition price of DM289 a share.

SCA's most-traded B shares slipped SKr3.50 yesterday to SKr193.

By Our Financial Staff

UPM-Kymmene, Europe's largest pulp and paper group, yesterday wrapped up the Nordic reporting season with a 70 per cent rise in first-half pre-tax profits to FM3.53bn (\$643m).

A FM2.12bn capital gain this time compares with FM230m last time. The extraordinary items are shown in the operating result - FM4.43bn compared with FM3.2bn.

Stripping out these factors, profits were down slightly, although there was a "significant increase in the volume of sales", the company said. Sales by value were ahead from FM26.17bn to FM26.42bn. Analysts had forecast pre-tax profits

of FM3.15bn to FM3.54bn.

Excluding capital gains, full-year profit was expected to be "about the same as last year", the company said.

The company declined to comment on market speculation that it is discussing acquisitions in North America or Sweden.

Swedish group MoDo, meanwhile, yesterday posted stronger than expected first-half profits, saying high volumes and low prices were behind a strong rise in the second quarter.

MoDo, the last of Sweden's big forestry companies to report for the six months, made pre-tax profits of SKr917m (\$114.9m), against SKr816m a year earlier. The market expected a profit of SKr884m.

## Losses at Kia Motors widen to Won37bn

By John Burton  
in Seoul

Kia Motors, the troubled South Korean carmaker, said yesterday first-half losses had widened from Won10.3bn a year ago to Won37bn (\$41m).

The third-highest Korean car company, which was placed under temporary bankruptcy protection last month following a credit squeeze, suffered a 27 per cent fall in domestic sales during the first half.

Kia's market share fell from 28 per cent last year to 22 per cent, mainly because of increased competition from Daewoo Motor, which has introduced three new car models within the past year.

However, a 50 per cent increase in exports resulted in an overall sales increase

## Kepco tumbles 67% as currency weakness bites

Korea Electric (Kepco), South Korea's state-owned electricity monopoly, yesterday reported an unexpected 67 per cent drop in first-half net earnings from Won333.5bn to Won110.5bn (\$124m), writes John Burton.

The decline was blamed on the fall of the Korean currency against the US dollar. This increased foreign exchange losses on its overseas debt, which accounts for nearly 60 per cent of borrowings.

The weak currency also increased

the cost of raw material imports, including liquefied natural gas needed to fuel its power plants.

High domestic interest rates added to Kepco's financial burden. Its exposure to domestic debt has increased because of a government-imposed ceiling on foreign borrowing. Kepco has been borrowing heavily to finance an expansion of power facilities.

Korean Air (KAL) saw first-half losses narrow from Won253.8bn to Won134.1bn after South Korea's largest

airline extended the period of depreciation on fixed assets. Sales rose 14 per cent to Won1,950bn. KAL had previously adopted an aggressive depreciation policy.

Earnings were depressed by foreign exchange losses on its overseas debt, which account for 80 per cent of total borrowings.

Analysts believe second-half earnings could suffer as passengers switch airlines in reaction to the crash of a KAL jet on Guam, which killed 255.

group, reported a 2.5 per cent increase in net profits to Won37.7bn during the first half of this year as sales rose 12 per cent to Won2,840bn.

Orders for crude tankers increased, but price competition with Japanese ship-

builders was behind the sluggish profits performance. Shipbuilding accounts for 31 per cent of the group's sales.

An economic slowdown and the resultant cut in industrial investments affected the heavy machinery division, which generates 40 per cent of sales.

The commercial vehicle division also suffered a sales fall because of tough competition in a stagnant market.

Daewoo estimated that economic recovery in the second half would mean that sales for the full year would reach Won6,000bn.

Economists, however, are warning that an upturn may be delayed.

Shares in Daewoo Heavy, which is also Korea's second largest listed company, fell yesterday by Won180 to Won7,750.

مركز الأبحاث



## COMPANIES AND FINANCE: INTERNATIONAL

## Price slump hits Korean chipmakers

By John Burton in Seoul

Samsung Electronics and LG Semicon, South Korea's two leading chipmakers, reported sharp falls in first-half net profits as prices for mainstream 16-megabit memory chips remained depressed.

Samsung, the world's biggest producer of dynamic random access memory (DRAM) chips, said earnings fell 73 per cent to Won123.2bn (\$138m); profits at LG Semicon dropped 88 per cent to Won16bn.

Excess production, mainly by Korean chipmakers, has created a global glut in supplies which sent the average price of a 16-megabit DRAM tumbling to \$7 in the first half, against \$30 a year ago.

Analysts believe Samsung's increased telecommunications sales cushioned it from a sharper fall in profits. Its shares yesterday fell Won1,200 to Won7,500.

Turnover rose 2 per cent to Won8,910bn owing to increased sales in other divisions, including telecommunication and multimedia products and home appliances, which account for 72 per cent of total revenue.

The rapid expansion of mobile telecom services in Korea, including cellular and personal communication systems, led to a 96 per cent jump in telecom equipment sales to Won2,050bn.

Samsung is expected to exceed its 1996 earnings of

Won164bn as sales of higher-priced new generation 64-megabit DRAMs increase during the second half. It estimated full-year sales would reach Won20,700bn, against Won15,500bn in 1996.

However, analysts remain concerned about net earnings because of increased financial costs associated with its 31 per cent stake in Samsung Motors, which is to begin car production next spring.

LG Semicon, the world's sixth-biggest DRAM producer, suffered a sharper fall in profits and sales than Samsung as semiconductor account for nearly 90 per cent of its sales. Turnover fell 28 per cent to Won849.3bn.

The company expects 1997 earnings to be similar to last year's. Won91.1bn as 16-megabit DRAM prices stabilise and demand for 64-megabit DRAMs increases. Estimated sales for 1997 are Won2,300bn, against Won2,010bn last year.

● Samsung Display Devices, a leading global producer of cathode ray tubes (CRTs), saw net earnings fall 27 per cent to Won60.8bn as prices fell because of oversupply. Sales climbed 4 per cent to Won1,230bn.

It predicted that year-end sales would increase from Won2,460bn to Won2,600bn as the weak Korean currency led to increased exports.

## US retailers beat expectations

By Richard Tomkins in New York

Four big US retailers produced better-than-expected results yesterday - but Lands' End, one of the nation's biggest mail order clothing companies, said orders had declined because of the nationwide strike by United Parcel Service workers.

Lands' End said it was using the United States Postal Service instead of UPS to deliver customers' orders in the US, and most goods were reaching customers' homes within three to five days.

But it acknowledged that fewer customers were calling with orders because of the uncertainty created by the UPS strike.

"It is having effect. How severe it is will depend on how long the strike goes on," the company said.

Growth in overseas operations helped Lands' End report a 12 per cent increase in sales to \$225m in the second quarter ending August 1, and net income rose from \$3m to \$3.4m.

But earnings per share of 11 cents were a cent lower than analysts' forecasts, and the shares slipped  $\frac{1}{8}$  to \$27 $\frac{1}{2}$  in early trading.

Meanwhile Kmart, the discount store group that has been suffering acute financial difficulties, reported a fall in net income from \$34m to \$31m, but its earnings per share of 6 cents were above analysts' forecasts of 4 cents.

Earlier this week Walmart Stores, Kmart's bigger rival, reported a 13 per cent increase in net profits to \$75m.

Analysts said an easing of price competition had helped, lifting hopes of a good result from Kmart.

Last month Kmart warned that profits had been hurt by the need to sell surplus stock of women's clothing at marked-down prices.

However, the company said yesterday that other categories performed well. Woolworth, another big retailer that has been suffering financial difficulties, also reported better-than-expected results yesterday, turning in net profits from continuing operations of \$26m, or 19 cents a share, against analysts' forecasts of 18 cents.

However, this small profit showed no improvement over the comparable period's restated net profits of \$43m from continuing operations as the company continued



Saks, owner of the Saks Fifth Avenue department store chain, bettered analysts' forecasts by cutting its losses

Glyn Gorn

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its struggle to turn itself around.

Last month Woolworth said it was closing all its general merchandise stores in the US.

Saks, the holding company for the Saks Fifth Avenue department store chain, reported a pro forma net loss of \$8.6m, or 13 cents a share, an improvement over the comparable period's loss of

\$11.9m and better than the loss of 14 cents a share expected by analysts.

Gap, the clothing store chain, reported a 6 per cent increase in net profits to \$69.5m, but earnings per share rose by 13 per cent to 26 cents because of the company's share repurchase programme. Analysts had predicted earnings per share of 24 cents.

## Canadian Pacific in Italian purchase

By Scott Morrison in Vancouver

Canadian Pacific, the transportation and energy conglomerate, has agreed to acquire the container shipping business of Contship Holdings of Italy.

The transaction will double CP's shipping revenue to more than \$2.2bn (US\$1.4bn) a year. Terms of the deal were not disclosed.

The acquisition is part of a growing trend of consolidation in the global shipping industry and CP's push to compete with the largest operators.

A larger fleet will enable the Canadian company to expand its presence beyond the Atlantic market, where it is already the largest container shipper.

"Our goal with this transaction is to build a new platform from which we can grow beyond our transatlantic base," said Mr Ray Miles, president of CP Ships.

CP Ships, already the largest container shipping company in North America, will acquire 19 Contship Containerlines vessels and virtually all of its international operations.

Contship's Italian facilities were not included in the deal, which is expected to close in September.

Analysts praised CP Ships' acquisition of a profitable operator that will help it diversify geographically.

Contship, founded in 1968 to operate container services in the Mediterranean, has developed into a significant group with worldwide liner shipping, terminal and diversified container handling interests. With seven shipping lines serving 28 countries in Europe, Asia and Latin America, it carried 270,000 twenty-foot equivalent units (TEUs) last year and reported revenues of US\$460m.

CP said Contship expects to increase its volume to 300,000 TEUs this year. With Contship's business, CP Ships expects to increase its container shipments to more than 1m TEUs per year.

The Canadian group last month spent \$34m to acquire Lykes Bros. Steamship, a Florida company that will give the shipper greater access to ports on the US eastern seaboard and in the Gulf of Mexico.

CP said Contship's headquarters will remain in Liverpool and continue to operate as a separate company under its current management.

The new acquisition will operate as part of CP Ships, which includes several divisions.

## Lend Lease posts 15% advance

By Elizabeth Robinson in Sydney

Lend Lease, the Australian financial services group, forecast further growth this year after reporting a 15 per cent rise in profits for the year to end-June.

Mr David Higgins, managing director, said the company had "an excellent year" as net profits rose from A\$250m to a record A\$282m (US\$239m), at the top end of expectations.

Stroog gains in the fund management and equity investment divisions meant Lend Lease was "now set up to grow and prosper and compete in an international marketplace", Mr Higgins

said. He also hinted at further acquisitions.

The shares jumped 64 cents on the news before slipping back to close 20 cents higher at A\$28.96.

The largest division, fund management and life assurance, lifted net profits 10 per cent to A\$167.6m on sales of A\$2.5bn compared with A\$2.6bn. Mr Higgins expected to sustain this level of growth, given favourable market conditions.

Funds under management rose 16 per cent to A\$25bn, helping to double funds managed by the whole group to A\$67bn.

Equity investments, the second-biggest division, lifted net profits 42 per cent

to A\$105.5m after gains from selling down its holdings in Westpac and Hoyts. Mr Higgins would not say if Lend Lease planned to reduce further its 5.6 per cent stake in Westpac.

The property investment arm made after-tax profits of A\$21m, compared with A\$18m the year before. The result included a three-week A\$3m contribution from Equitable Real Estate, the largest manager of investment property in the US, which Lend Lease bought for US\$451m in June.

Mr Higgins did not rule out further purchases. "We could acquire companies similar to ERE in Europe," he said. "Our main exercise

is to bed down our US operations, but we'll certainly be looking out."

Forward construction projects reached a record A\$2.3bn in June, against A\$1.9bn last year. Profits from these, which include the Qantas domestic terminal at Sydney airport, will be released over the next two to five years.

The group continued its drive into Asia, winning projects worth more than A\$266m.

Earnings per share rose to 125.9 cents, compared with 117.1 cents last year. The final dividend of 50 cents brings the total for the year to 98 cents, up from 90 cents.

## Colonial set to meet forecasts

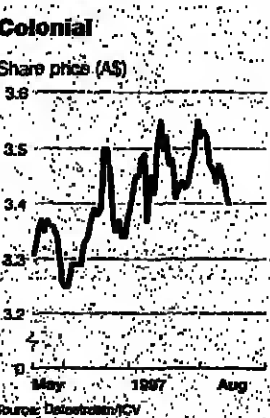
By Elizabeth Robinson

Colonial, the Australian financial services group that listed in May, is on course to meet, if not exceed, forecasts of full-year profits of A\$180m (US\$134m), according to Mr Peter Smedley, chief executive.

With all operations growing ahead of budget, first-half net profits of A\$118m were 85 per cent of the full-year forecast made in the listing prospectus, he said.

Profits in last year's first half, when Colonial was still a mutual, were A\$120m on a pro-forma restated basis. Funds held under management in the six months rose 13 per cent to A\$43.3bn after strong growth from the company's listed property trusts.

The results were also helped by lower costs, especially at Colonial Investment



Management, where the cost-to-revenue figure fell from 81.3 per cent to 64.5 per cent.

The group said it was also benefiting from a A\$532m information technology deal with Airtel, announced in March.

In the UK the company is extending its insurance franchising pilot after new business rose 20-30 per cent in the first six months. The franchising scheme, the first in the UK, involves converting appointed representatives into franchisees supported by marketing and direction from Colonial.

Mr Rob Garnsworthy, managing director of Colonial UK, said he expected the first five franchises to grow to 40 by the end of the year, with an eventual target of 80-100 franchised offices.

Colonial's existing UK operations employ 1,000 with \$3.8bn (US\$6bn) under management.

Mr Garnsworthy said the objective was to lift standards throughout Colonial's network. The group franchised its insurance

operations in Australia three years ago and, through the former State Bank of New South Wales, is franchising its banking activities.

It aims to turn these into operations providing one-stop banking, insurance and fund-management services.

Mr Smedley also announced yesterday that Colonial's CMG Asia Life division would launch a B11bn (US\$82m) issue to meet that government requirements that all new insurance companies in the country have a minimum capital base of B500m. The remaining funds would be used for working capital, said Mr Smedley.

CMG Asia, the former joint venture with Jardine, of Hong Kong, which Colonial took full control of in February, contributed A\$26m to earnings.

## NEC to launch recordable disc to rival DVD

By Michio Nakamoto in Tokyo

The battle to set the standard in the market for next-generation recordable discs looks set to intensify further as NEC, Japan's largest PC maker, has unveiled plans to launch an optical disc next year.

It will have twice the recording capacity of the DVD rewritable discs being launched by an industry consortium at the end of this year.

NEC said it planned to sell in 1998 an optical disc with recording capacity of 5.6 gigabytes, or two hours of video. This compares with the one-hour capacity of DVD-Ram rewritable discs developed by the DVD Consortium of electronics and entertainment companies.

NEC's disc, which it calls a multimedia video file, would compete directly with DVD-Ram, since both are expected to replace floppy discs and CD-Roms for PCs, as well as video cassette tapes.

Meanwhile, Sony and Philips have broken ranks with a consortium of 11 electronics and computing companies working on DVD development and joined with Hewlett-Packard, one of the largest US computer equipment makers.

They intend to adopt a different format for an advanced recordable disc, which they plan to market for PCs next year. Sony is

also developing a high-capacity optical disc aimed at replacing video cassettes in the next decade.

The growing number of competing formats as companies vie to set the standard for next-generation discs is likely to confuse consumers and delay wide acceptance of next-generation recordable media.

Although attempts were made to agree a common format, differences over technology and how markets would develop have undermined efforts at industry-wide co-operation.

Sony is developing different discs for the PC and home-entertainment markets, whereas the DVD and NEC's new discs will target both markets.

Analysts believe differences over royalty payments were a big obstacle to a common format. NEC said its disc would incorporate software that prevents duplicates being made, which should ease concerns over film copyright. To appease Hollywood, supporters of DVD-Ram agreed to restrict recording time to one hour - not enough to record a feature-length film.

NEC is seeking support for its format from other companies. One advantage is that its MMV discs could take a substantial share of the Japanese market for PC discs if NEC, the leading maker of PCs in Japan, installs the disc drives in its PCs.

## Cali Realty in \$1.2bn office buy

By John Authors in New York

Shares in Cali Realty, the New Jersey-based real estate investment trust, gained 5.6 per cent in early trading yesterday on the news that it was to pay \$1.2bn for 55 office properties which are currently privately held.

Cali said the deal was the largest "private-to-public" transfer of real estate assets yet undertaken, and that it confirmed the growing importance of real estate investment trusts (REITs) as the preferred vehicle for property developers.

The deal will see the assets of the New Jersey-based Mack Company and Texas-based Patriot American - both private real-estate concerns currently managed by Mr William Mack and his family - incorporated into the REIT, which will be renamed Mack-Cali Realty.

It continues a marked trend for private property developers to convert their holdings into REITs to take advantage of extra liquidity and relatively cheap financing available from the equity market.

Cali will pay \$478m in cash for the properties and will also assume \$302m of mortgage debt.

However, the deal, which is described as a "merger" of the private and public companies, is complex and takes advantage of Cali's unusual capital structure.

Cali has also agreed to issue 3.9m operating units - broadly equivalent to non-voting shares - and \$250m in preferred operating units, which pay a 6.75 per cent distribution and are convertible into 7.2m common operating units.

It will also issue warrants to purchase 2m shares of the company's stock at \$37.80 - almost exactly in line with the \$37.74 it had reached by midday yesterday.

The Mack family will have a total stake of 18 per cent in the merged entity, worth about \$400m.

Mr Mack becomes chairman, while Mr Thomas Rizk, Cali's chief executive, will retain that position in the new company.

Several other prominent property developers have opted to convert their holdings into REITs in recent months.

Early last month, the initial public offering of Equity Office Properties, a vehicle for Mr Sam Zell, the Chicago-based developer, saw the share price gain 23 per cent on the first day of trading, valuing the company at \$4bn and Mr Zell's personal stake at \$380m.

In June, Mr Mort Zuckerman, another of the best-known US real estate investors, had raised \$900m by selling 70 per cent of his vehicle Boston Properties in another public offering.

The automotive components business of Rockwell International, due to be spun off from its parent company on October 1, said yesterday it will trade under the name of Meritor Automotive, writes Tracy Corrigan in New York.

Its new logo is a winged bull in flight and the company's new name will be followed by the tag-line "A heritage of Rockwell Technology".

## Greenspan goes on the attack over derivatives

Plans to change US accounting rules are proving controversial

Few people's words are more closely studied than those of Mr Alan Greenspan, chairman of the US Federal Reserve. The central banker's intervention in the debate over how to account for derivatives is being closely watched, both in the US and by financial reporting regulators around the world.

His recent letter to the US Financial Accounting Standards Board amounts to an uncompromising attack on its plans for a new standard, requiring companies to show derivatives at market value on the balance sheet and pass any gains and losses through earnings.

This new system, while allowing changes in the value of some derivatives used in hedging to be deferred, would strictly define which derivatives qualify for this special treatment - limiting companies' flexibility and room for financial manoeuvre.

Putting forward this plan is Mr Ed Jenkins, chairman of the FASB, who marked his first month in the job by trying to get a binding accounting standard in operation by January 1 1999.

Mr Jenkins must have expected the future that followed - with several banks pressing him to put the plan out for further consultation. Mr Greenspan's critique is comprehensive. He complains that:

- Mr Jenkins' approach is piecemeal, as it tackles only derivatives, not all financial instruments.
- The plan would increase "volatility" in income and equity: unhedged derivatives would swing in

value from one set of accounts to the next.

- The proposals "may discourage prudent risk management" by hindering the perfectly proper use of derivatives.

- Marking to market would require significant systems changes for businesses that use derivatives as hedges.

Such an approach would be unlikely to find favour internationally.

Mr Greenspan does not stop there. While he sees the long-term benefits of a comprehensive fair values framework for accounting, he thinks the theory is far ahead of the practice. In the interim, he proposes an alternative. The present historical cost-based framework would be kept for derivatives in the primary financial

statements. Meanwhile, a "supplemental" statement would show derivatives - and the items they hedge - at market value.

FASB will see this partly as an attempt to derail long overdue reforms with arguments that had been heard during consultations. Earlier this week, Mr Jenkins retail-

ed by letter ahead of meetings planned with Fed officials. He answers Mr Greenspan's five criticisms:

- The present system of accounting is also piecemeal and the new proposals are a step towards fair value accounting for all financial instruments.
- The proposals would not create volatility, but current practices obscure the reality of existing volatility.
- The plans would not dis-

There is a widespread belief that if FASB succeeds in getting its standard through, the International Accounting Standards Committee will follow suit. Countries including Japan also seem to be moving in the same direction.

Mr Jenkins then turns to Mr Greenspan's alternative system. "The point on which we appear to differ is whether information about fair values of derivative

instruments should be reported in the financial statements themselves or in the notes to the financial statements at this time," he writes, arguing investors do not take much notice of "supplemental" statements.

He notes that Mr Greenspan is only proposing a "fair value balance sheet" without a supplemental income statement. So there would not be competing earnings figures - just the one based on historical costs.

Mr Jenkins' hand has been strengthened by the immediate support of the Securities and Exchange Commission. It issued a statement from Mr Michael Sutton, chief accountant, as the FASB's letter was published. "The current accounting model for derivatives - which often means no accounting at all - is unacceptable," he said.

"For years the board has engaged in a public dialogue, ensuring that all points of view are heard and thought-

fully considered. Further delays in the process are unwarranted and put investors at risk.

"Fortunately, a strong economy and calm, favourable markets have been the backdrop for the derivatives debate thus far. If that changes, investors could be surprised and at risk because financial reporting has failed to provide the transparency that our markets need and demand."

A battle between the Fed and the SEC could paralyse progress in the short term. And if Congress became involved, there could be a bruising confrontation.

But the odds seem to be slightly in Mr Jenkins' favour. He intends to publish a final draft around the end of this month, with comments to follow in the next 45 days. Some changes may be made, but FASB has set itself against wholesale revision. For it, the die is cast.

Mr Jenkins' hand has been strengthened by the immediate support of the Securities and Exchange Commission. It issued a statement from Mr Michael Sutton, chief accountant, as the FASB's letter was published. "The current accounting model for derivatives - which often means no accounting at all - is unacceptable," he said.

"For years the board has engaged in a public dialogue, ensuring that all points of view are heard and thought-

Jim Kelly



As negotiations with Chiquita end the UK group indicates a further review and share buy-back

## Albert Fisher breaks off takeover talks

By Maggie Urry

Takeover talks between Albert Fisher, the produce and seafood group, and a bidder believed to be Chiquita Brands, the US banana company, have broken off.

However, Fisher promised a new strategy, a maintained dividend and a share buy-back which would "significantly" enhance earnings.

Fisher shares closed down 4 1/2p at 38 1/2p, yesterday, after touching 35p. When the bid talks were revealed in mid-June the shares jumped from 34 1/2p to 46 1/2p, but have drifted lower since as hopes of a firm offer faded.

Mr Stephen Walls, chairman of Fisher, said: "Number one: we broke off the talks." He said the board had decided any likely offer

would be too low, and not in a form acceptable to shareholders. It is thought that heavily-indebted Chiquita was aiming to finance the offer in part through issuing shares.

Mr Walls said the approach had let "the genie out of the bottle" and "just going back to the story as it was would not have been well received by shareholders".

Although he has substantially restructured the group since taking command in 1992, and said in April that the restructuring was over, he foreshadowed a further review of the business. He said the old strategy would have delivered value in the medium to longer term, but Fisher now had a greater emphasis on the short term. He said Fisher would next

week announce that one of its divisions - understood to be the seafood business - was up for sale. An approach was made for part of the group during the bid talks, but Fisher planned to seek better offers.

The proceeds, which are hoped to exceed a broker estimate of the division's value of £36m (\$140m) would be used to strengthen the

balance sheet and buy back perhaps 25 per cent of the group's shares.

Meanwhile, Fisher said results for the year to August 31 would be "broadly in line with last year" when pre-tax profits were £40.1m before exceptional costs. The final dividend of 1.9p would be maintained.

Lex, Page 12

## Compass expands fast in every direction

Women in neat hairnets spread fat dollops of pimento cheese as slices of bread slide past them on a sandwich production line in Charlotte, North Carolina. The packs will be sold alongside Hershey chocolate bars and cans of Coca-Cola in vending machines across both the Carolina states.

In Manhattan a chef with top qualifications supervises a kitchen that has already served breakfast to almost 2,000 early arrivals at a large investment bank. The same chef will later be serving lunch for the executives, offering a choice of six entrées, including Frogs Legs à la Nicoise.

These are the opposite poles of the same business: feeding the workers. Compass, which says it is the world's biggest contract caterer, has come from nowhere to be a leading force in the US market in just over three years.

Acquisitions have taken the UK-based company into almost every state and built US revenues to an estimated £1.2bn (\$1.95bn) this year - a third of the group total. But the continuing pace of expansion, culminating in May with Daka in the US for £120m and SHRM of France for £227m, has prompted concerns in the City, taking the shine off the shares' steep climb from just over 200p five years ago to a peak of 735p in February.

Between 1992 and the beginning of this year the shares outperformed the FTSE All-Share Index by 92

However, the group's pace of growth is worrying the City, writes David Blackwell

per cent. But they have retreated, closing down 7 1/2p at 640p yesterday.

Mr Mike Bailey, who runs Compass's US division, spends most of each week travelling across the states to control the expanding empire. A Londoner who left school at 16 to become a trainee chef, Mr Bailey joined Compass in 1991 from its rival Gardiner Merchant, now part of the French Sodexo group. He had run its North American catering operations for six years.

One of his big competitors at the time was Canteen, owned by Nasdaq-listed Flagstar, itself 67 per cent owned by Kohlberg Kravis Roberts, the Wall Street buy-out specialist. Flagstar, saddled with debt of more than \$2bn, approached Compass through its bankers in 1994 as a possible buyer for Canteen.

"It was the right time to buy - it was a reasonable size, well established and not running at peak performance," recalls Mr Bailey. An added attraction was the prospect of a tax break - the \$450m of goodwill is being written off at \$30m a year for 15 years. This cut the group's tax rate from 33 to 26 per cent in the first year.

A small museum at the Compass's US headquarters in Charlotte, has a collection of historic vending machines dating back to Canteen's

foundation in 1929. Awareness of the brand name is high - but for vending machines not catering.

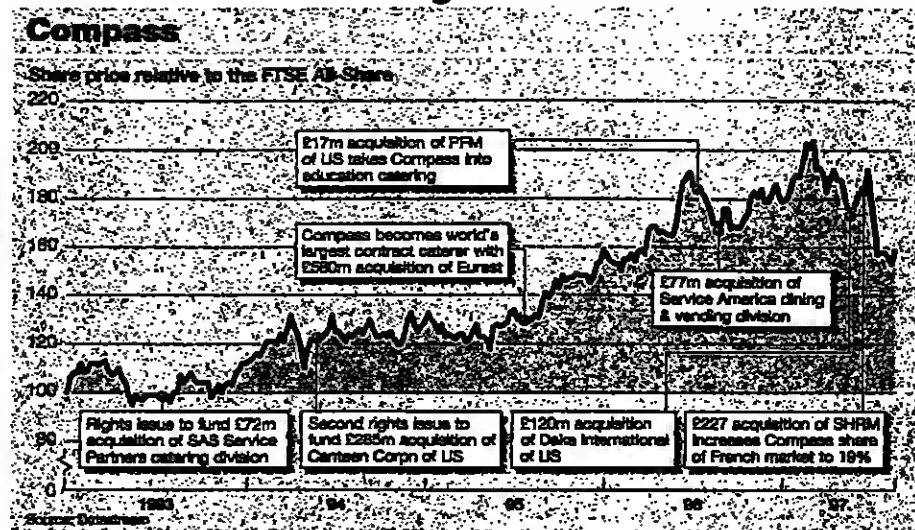
Compass has rebranded contract catering under Eureset International. Eureset, bought from the French group Accor in 1995 in a £580m deal, already operates in 38 other countries.

The biggest Eureset contract in the US is with IBM, with sales of \$62m a year. But the contract is international, providing a synergies Compass plans to generate. IBM business in 12 other countries accounts for a further \$38m of sales.

Corporate American catering is more than 80 per cent contracted out, compared with 35 per cent for the education sector and 30 per cent for healthcare. The acquisition of Daka brought in a further \$100m of education business, enabling the group to compete with market leaders Marriott, Aramark and Sodexo in the \$22bn US education market.

But the group lacks scale in healthcare, and further acquisitions have not been ruled out. "If the right opportunity presents itself with healthcare we would look at it - but there is nothing on the stocks at the moment," said Mr Bailey.

The vending business itself is seen as a main profit centre. Canteen is the big-



gest US vending company and has a target of \$850m annual sales, or about 40 per cent of total US revenues.

Mr Bailey points out that this revenue is all arriving in nickels and dimes, and represents a huge logistical operation run from 150 depots across the country.

By setting up central kitchens at the depots to make sandwiches and other food items such as salads, Canteen is able to offer a service to the many US industries with 200 or so employees on site where it would not be economic to set up a staff canteen. A year ago the group paid \$119.2m for Service America, which took it to twice the size of its nearest competitor in US vending. Mr Bailey says the deal was similar to the Canteen purchase - Service America was a failed MBO, in debt and losing money.

He saw the opportunity as too good to pass up, despite criticisms of the pace of acquisition.

The group also hopes to find synergies through the investment. It plans to build on its growing buying power with multinationals such as Coca-Cola. It wants to cut costs by building international brands catering for different market sectors. In vending, for example, it is planning to take a stake of more than 20 per cent in Selecta, the largest vending operation in Europe and part of Valora of Switzerland.

Under such heavy expansion in the US, margins have inevitably suffered. Canteen was making margins of 5.5 per cent in 1996, but this had fallen to 3 per cent by the time of the acquisition. From the start, the group pledged to restore the level and had been making steady prog-

ress. But Service America has dragged US margins back to about 3.5 per cent.

"We will have the business running at 5.5 per cent margins - there is no doubt about that in my mind," said Mr Bailey. "It could be 18 months or two years away but we will get there."

The group as a whole is now starting to run by product line instead of geography, with Canteen for vending, Eureset for business and industry catering, Bate-man for healthcare, and Chartwells for education. But branding and segmentation takes time, and the pace of acquisition has not allowed a clear picture of the group to emerge.

Add currency fears and the fact that Accor of France still holds 10 per cent of the shares, and it is not surprising that the market decided to slim down the share price.

### NEWS DIGEST

## WPP rises 15% despite sterling

Mr Martin Sorrell, chief executive of WPP, appeared yesterday to be on course for another large bonus, as the world's largest marketing services group came in with interim profits at the top end of forecasts despite the strength of the pound.

The shares eased 3 1/2p to close at 270p, as profit-taking emerged after a good run since June. However, under a five-year share-based incentive plan, Mr Sorrell stands to receive £3m of shares if the price stays above 265p for 60 days this year.

The group, which includes the J Walter Thompson and Ogilvy & Mather agencies, lifted interim profits by £10m, or 15 per cent, to £78.3m (£127.6m). The strength of sterling held sales - 80 per cent of which are made overseas - at £3.44bn for the six months to June 30.

At constant currency rates, underlying sales growth was about 8 per cent. Operating profits were 10 per cent higher and would have risen twice that amount at constant currency rates.

During the period, the group added GTE, the US telecommunications group, to its customer base and extended contracts with Ford, Shell, Kodak and Kellogg.

David Blackwell

## Former chancellor joins F&C

Mr Kenneth Clarke, the former chancellor of the exchequer, has accepted his first directorship - at Foreign & Colonial Investment Trust - since he lost the post-election fight to lead the Conservative party.

F&C, the oldest and biggest general investment trust, announced yesterday that Mr Clarke had been appointed to its board. He will be paid £18,000 a year, in line with F&C's standard rate of remuneration for non-executive directors.

F&C lifted its assets past the £2bn mark in the first half of this year. The 16 per cent increase to £2.05bn was almost double the 8.5 per cent increase in the FTSE All-Share index during the same period. Jean Eaglesham

## 'Time-bomb' lifts Micro Focus

Demand for solutions to the millennium "time-bomb", which could cause millions of computers around the world to crash in 2000, helped Micro Focus, the computer services group, to move into the black in the first half. The group turned losses of £9.45m into pre-tax profits of £5.17m, with sales rising 21 per cent to £41.3m for the six months to July 31.

Millennium-related business accounted for about 15 per cent of revenues.

The company has developed a range of products to identify and check lines of data within a computer, reducing the amount of time it takes for a technician to solve the problem of the system being unable to recognise the 2000 data.

## Glynwed expands in US

Harrington Industrial Plastics, a subsidiary of Glynwed International, is to pay \$23.7m for Industrial Plastics Technology, which distributes pipes and fittings throughout the eastern states, as part of its strategy of expanding in the US. Some \$16.5m is being paid in cash immediately, with \$5.6m deferred for one year and \$1.6m for up to 120 days. IPT had turnover of \$32.4m and pre-tax profits of \$3.44m in 1996.

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There will be a two round bidding process. Approved parties will be provided with an information Memorandum and invited to submit Minimum Conditional Bids on or before 5.00pm Adelaide time, (Wednesday 1 October 1997). Parties short listed from the first bidding round will be invited to submit Final Unconditional Bids no later than 5.00pm Adelaide time (Friday 28 November 1997). Approved parties wishing to bid for the Adelaide Casino will be required to lodge an application for a Casino License with the South Australian Gaming Supervisory Authority.

Expressions of interest documents and confidentiality deed pro-formas may be obtained from, and enquiries directed to, Mr John Sangster, ASRR Project Manager, telephone 61 8 8226 9566 or facsimile 61 8 8226 9565, or at the address below.

Expressions of interest, with the required information and completed confidentiality deeds, should be lodged as soon as possible with:

Dr NN Section, Chairman, ASRR Project Steering Committee  
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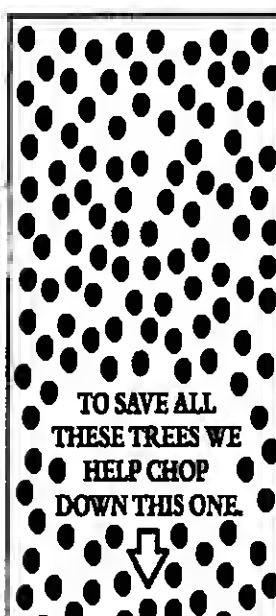
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International Secretariat, 1196 Glend, Switzerland.

## Construction growth lifts Hanson

By Andrew Taylor,  
Construction Correspondent

Strong US and UK construction markets lifted operating profits of Hanson, the building materials group, by 9 per cent to £121m (£197m) in the six months to the end of June.

However, exceptional charges of £49.1m, representing a £28m loss on the sale of Hanson Electrical and write-downs on Australian mining investments, reduced pre-tax profits to £47.8m on flat sales of £1.14bn. Mr Andrew Dougal, chief executive, said the

company had not provided a prior year pre-tax comparison because of the difficulty in accounting for central overheads and interest charges.

Disappointment at the level of exceptional charges, which had risen sharply, to dip 24 1/2p to 30 1/2p. Mr Dougal expressed optimism about the company's future. He saw most of the short-term expansion opportunities coming in the US.

Hanson will be well placed to make bolt-on acquisitions to its Cornerstone aggregates business in the US if it succeeds in selling the Grove Worldwide cranes business,

expected to command a price of about £400m. Goldman Sachs, the company's adviser, was in touch with "more than one interested party," said Mr Dougal.

Cornerstone increased operating profits by 12 per cent to £37.5m.

ARC, the UK's second largest aggregates producer behind Tarmac, increased operating profits by 6 per cent to £45.4m (£42.8m).

The company remained concerned about the threat of further cuts in government road spending, but said falls in this sector had been offset by increased house-building and commercial

property development.

UK brick profits rose by almost 25 per cent to £15.1m (£12.1m), helped by higher sales volumes and price rises. Mr Dougal said demand had flattened during June but had picked up.

Donslop, the group's continental European brick manufacturer, increased profits by almost 4 per cent to £5.6m in spite of a near-19 per cent fall in sales volume. Mr Dougal said, the division, which expects to cut overheads by £2m this year, had shed a number of jobs.

The strong pound reduced group profits by about £4m.

### RESULTS

	Turnover (£m)	Pre-tax profits (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding to the year	Total for year	Total last year
Adva Petroleum	5.55 (7.41)	14.3 (4.2)	45L (11.1)	-	-	-	-	-
Freemove	10.8 (2.6)	6.29L (7.67L)	1.84L (-)	-	-	-	-	-
Hanson	1,138 (1,141)	47.8 (4.9)	4.9 (-)	4	Oct 24	-	-	-
Jacobs	28.8 (27.7)	1.05L (1.75L)	0.81 (2.2)	0.5	Oct 6	0.375	-	1.875
Midland	1.4 (9.8)	1.01L (2.2L)	0.86 (3.88L)	-	-	-	-	-
Worlepar	0.057 (-)	0.421L (-)	10.5L (-)	-	-	-	-	-
MOB	54.4 (60.5)	3.51L (3.21L)	3.82L (3.39L)	nil	nil	nil	nil	nil
Media Business	134 (108)	1.55 (1.22)	0.42L (0.36L)	0.07	Oct 1	0.06	0.105	0.09
Micro Focus	5.1 (5.1)	5.17 (5.48L)	22.7L (22.2L)	-	-	-	-	-
North Midland	23.1 (15.8)	1.21 (0.54)	7.4 (3.64)	1.5	Sept 18	0.75	-	3
Orange	426.9 (256.5)	73.5L (125.2L)	6.1 (13.1)	-	-	-	-	-
Therapeutic A/B	0.823 (0.391)	6.64L (7.06L)	0.38L (0.42L)	-	-	-	-	-
Westminster House	101.6 (81.1)	11.84L (17.8L)	17 (23.5)	4	Oct 3	3.65	6.6	6
WPP	5.1 (5.1)	3.44L (3.45L)	73.3 (81.1)	0.7	Nov 24	0.55L	-	1.7
Xanora	0.531L (0.801L)	5.94L (3.15L)	25.1L (25.1L)	-	-	-	-	-

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. SLS currency. (A) stock. (A) After exceptional charge. (A) After exceptional credit. (A) Increased capital. (A) From former. (A) Foreign income dividend. (A) Revenue. (A) Comparative restated.

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RECRUITMENT

Schools should teach students the skills needed for a business career, says Richard Donkin

# Lessons in high performance

A report published last week by the Centre for Research and Employment Technology in Europe (Create) highlights the need to overhaul the UK education system to equip young people with the entrepreneurial skills they will need to pursue a career.

There were intriguing parallels in the report with findings from a study of Harvard Business School MBA graduates, carried out in the US by John Kotter, the business writer.

Both Kotter and Amin Rajan, who runs Create, believe that their respective educational establishments need to be reformed to take account of the changing demands of employers and the disappearance of paternalism and formal career structures in many companies.

Rajan concentrated his study on flexible working because he thought that this would provide the pointers to the most progressive employment regimes. Not only did he find that such practices were taken for granted in many businesses, employers were speaking more of the attitudes they

were seeking in employees, outlining a desire for what Rajan calls a "flexible mindset".

The idea, he says, is that employees should be more entrepreneurial in the way they work and that they should approach their job as if they are self-employed. This is because businesses are becoming concerned about individual performance. Job security such as it is, he says, has become dependent on high performance.

In such a relationship, he argues, the employee begins to treat the manager as a customer and the work becomes a product. Qualities such as promotion, negotiation and selling become important in the preparation and discussion of an assignment.

This may explain why so many recruiters focus upon competencies - not just the narrow definition which equates competencies with

skills, but that which includes behavioural traits.

While some competencies may be implicit in educational qualifications - precision, understanding, correctness - others, such as innovation, empathy, leadership and interpersonal skills tend to be given far less prominence in the education system.

One reason for this, says Rajan, is that too few educationalists have had any exposure to business. "They still think in terms of neat careers where you become a lawyer or an accountant or a journalist. They haven't cottoned on to the multiple careers which are becoming reality for many people."

There is a close correlation between Rajan's findings and those of Kotter, whose latest book, *The New Rules*, outlines what he argues are essential practices for pursuing a career into the next century.

Kotter has formulated his

ideas from a long-running study tracking the careers of 115 Harvard MBA graduates from the class of 1974. Although most of the class have had successful careers - their net worth averaged \$1m each in 1992 - they have not done so without pain. More than one-third of those in the study had been dismissed from a job or had been made redundant at least once.

While most of the graduates had left to join large companies - 21 of the class went to work for Citicorp - they stayed with their first employers no more than three and a half years, on average, before moving on. Many moved to smaller businesses and some set up their own companies. By 1992, the year Kotter last collated statistics for the book, the proportion in large and medium-sized companies had shrunk from 71 per cent to 38 per cent. The rest were with small employers.

The Harvard Business School graduates may well have been at the forefront of the trend towards seeking jobs with smaller employers. Kotter noticed that even though few small businesses were visible on campus when students were looking for jobs, nearly a third of the graduates chose to go into such companies from the start. Even then, it seems, those icons of capitalism such as General Motors, General Electric, International Business Machines, and Chemical Bank were losing their lustre for those wanting a career in business management.

Kotter believes that the changing economic environment has increased the attractions of small business ventures. He writes: "People who found and grow small organisations are often receiving both more job satisfaction and more income than most of those in traditional large organisations."

Rajan concurs. One of the problems, he says, is that business journalism and shareholder interest tends to concentrate on the biggest companies - those in the Fortune 500 and the FT-SE 100 - which tend to be the very companies that have found it difficult to shake off the old paternalistic and bureaucratic career structures.

Some, however, are attempting innovative solutions to increase career fluidity in their companies. Cable & Wireless, for example, has set up what it calls career action centres to help people handle inter-company moves and to encourage a "contract mentality" where people think of their work in terms of a series of projects rather than as a life-long career.

Another trend among the Harvard MBA graduates has been a steadily increasing number who have come to class themselves as entrepre-

neurs. Some 40 per cent of them were calling themselves entrepreneurs by 1992 and some 70 per cent of the class said they were behaving like entrepreneurs in negotiating business deals or providing leadership to grow business. Kotter points out that the direction of the Harvard MBA courses in the early 70s was to provide the future leaders of big business with the skills needed to consolidate the business set up by an earlier generation of entrepreneurs. Entrepreneurship, he says, simply wasn't promoted.

Like Rajan in the UK, Kotter believes the US educational system needs to wake up to the changing nature of careers and invest greater resources into promoting interpersonal, leadership and teamwork skills. Students must be encouraged also, he says, to develop a competitive drive and desire for lifelong learning. Implicit in both Rajan's

and Kotter's observations are lessons not just for employees but for big companies. If the conventional career is disappearing, as they suggest, big companies must wake up to the implications of this trend for recruitment and employee development. The Harvard students were instinctively drawn to more agile businesses where they could test their ideas. But it might be naive for governments to expect business to embrace such developments alone. Educational reform, therefore, may need to go further than reviewing school and university careers advice.

*"Tomorrow's People" is published by Create, 2 Holly Hill, Vauxhall Lane, Tunbridge Wells TN11 0XD, price £19.50. A conference is to be held on the policy issues from the report in London on October 8. Tel: 01892 538757 for details.*

*"The New Rules, eight business breakthroughs to career success in the 21st century, by John P. Kotter, Simon & Schuster, price £9.99.*

E-mail: Richard.Donkin@FT.com

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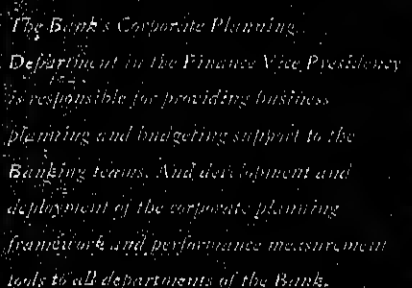
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A requirement has arisen for two exceptional individuals to join a highly focused and experienced team of investment professionals in the following roles:

#### Investment Director

The successful applicant is likely to be a results orientated ACA, MBA or corporate financier, aged 28-35, currently employed in either a leading venture capital or investment banking firm. Alternatively, the individual may be working at Senior Manager level in the corporate finance department of a 'Big Six' firm of Chartered Accountants. The envisaged role will be highly proactive and will encompass the development of focused deal activity, evaluation of potential transactions and the execution of approved investments.

All candidates should possess excellent interpersonal skills in addition to sound financial, strategic, commercial and entrepreneurial judgement. The competitive remuneration packages will include the opportunity to join a co-investment scheme where the LGV team invests alongside its client funds, including limited partnerships and investment trusts.

Interested applicants should write in the strictest confidence to Brian Hamill or David Craig at Walker Hamill Executive Selection, forwarding a brief résumé quoting reference BH3470.

#### Executive

The appointee, aged 25-30, will be a highly motivated ACA or MBA with excellent academic credentials and a strong record of personal and professional achievement. Working closely with Investment Directors, the individual will assume a high profile role in the development and execution of transactions, including the provision of research into selected markets. In all respects this will be a visible and influential position offered only to an applicant who displays the obvious potential to achieve Director Status.

peermusic is the largest independent music publishing and production company in the world. Our dramatic projected growth along with our continued and growing presence across geographical boundaries has generated the need for a truly international professional to serve as our

## CHIEF FINANCIAL OFFICER

Based in Manhattan, this individual would report to the CFO of our worldwide organization and have authority over all financial considerations and would be the financial advisor of the geographical heads for all business decisions.

The position offers a significant opportunity for an intelligent and ambitious individual to rapidly make a major contribution to the development of our business. The individual would support the Chief Executive Officer and the rest of the management team in determining and implementing strategy to grow the business organically and by acquisition.

#### Responsibilities would include:

- Acting as a business partner and sounding board able to spot opportunities and implement change;
- Developing, implementing and managing systems to support growth;
- Coordinating activities of worldwide subsidiaries undertaking a significant amount of travel;
- Reviewing and participating in all financially related management decisions;
- Managing cash flow in an international business context;
- Maintaining banking relationships;
- Continuing the improvement and development of the quality of financial information and control to world class standards;
- Overseeing the presentation of timely, accurate and relevant results;
- Developing and sustaining a financial vision and management strategy which meets the changing needs of the business.

#### Qualifications would include:

- Highest level of drive and enthusiasm;
- Outstanding, sharp, innovative mind;
- Proven accounting, control and information systems skills;
- Ability to deal with cultural diversity;
- Mature and confident team player and leader;
- Affinity to work in an entrepreneurial environment;
- Consistent record of achievement;
- Sense of humor;
- Experience in media, entertainment, intellectual property royalties would be desired but not required.

<http://www.peermusic.com>

Interested Candidates should contact:

Donna Chin-Davis, peermusic executive offices, 95 Harbor Drive, Novato CA, 94945-3529

For our client, a well-known international chemical manufacturing company located in Basle, we search for an experienced

## Head of Global Controlling Projects

Directly reporting to the divisional management you are responsible for all global controlling projects concerning this specific division such as acquisitions, strategic alliances, investment projects, joint ventures as well as business and marketing analyses.

To succeed in this challenging position you need a solid commercial education, hold a MBA or Bachelor in accounting or engineering and have several years of professional experience in investment banking, financial and managerial accounting, controlling or business analyses. Excellent knowledge in English and basics in German are absolutely necessary, as well as personal skills in communication and teamwork. Furthermore you are willing to travel.

If you are interested, please forward your application to Mrs J. Klausner, who will treat it with complete confidence.

fsb

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CH-4001 Basel, Schneidergasse 24, Tel. 0041 61 261 00 60  
Basel Bern Lugano Zürich. Partner der International Search Group SaRL

## CAYMAN ISLANDS

Highly successful regional banking group wishes to make two key appointments to further develop established areas of its business:

### Manager, BankCard Centre

Overall responsibility for a thriving and diverse bankcard operation which includes a variety of card services on both the acquiring and issuing sides. Applicants must combine strategic senior management skills with a hands-on approach to implementation and possess considerable bankcard experience spanning both the issuing and acquiring sides of the industry.

### Consultant, Treasury/Investments

Reporting to the President, with a brief to enhance an expanding Money Market and Investment Division through planning and developing strategies and systems and by providing an intensive training programme to existing staff.

Applicants should possess an in-depth knowledge of worldwide investment markets, foreign exchange, portfolio management and analysis including at least 10 years senior level experience in Asset/Liability Management. This experience should include interest rate risk management, liquidity management, and bond/securities trading activities in international markets. This position would ideally suit a seasoned professional (possibly semi-retired).

Competitive tax free compensation packages will be offered commensurate with experience.

Contact: Brian Bridson LLE ACA on 44(0)151 625 0565 (incl. evenings) or send C.V. details to Financial Recruitment International, Southmead, Long Hay Road, Cildy, Wirtal, L48 1LY, England. Fax 44(0)151 625 0058

FINANCIAL RECRUITMENT INTERNATIONAL

## HIGH TECH/TELECOMS - ASSOCIATE

## INVESTMENT BANKING

Excellent Package - London

Our client is a leading investment bank, with a growing strength in the High Tech/Telecoms business. To assist with this developing industry group, they require an experienced, high quality professional to join their Investment Banking team.

This is a first class opportunity for someone who can demonstrate proven success in building and developing a business. You must have the drive, judgement and initiative to develop and execute a transaction through to a successful conclusion.

To be considered you should have experience of negotiating an internet licence and financing for an internet service provider, preferably in the Middle East. A minimum of 2 years' experience gained working for a US financial institution or consulting firm is also essential.

As a team player you should have both managerial skills and supervisory experience as this role involves leading a team of Analysts.

A Masters or equivalent from a reputable establishment is required as is another European language.

Please write with your CV to Alastair Lyoo, ref: 1045, Confidential Reply: Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

Applications will only be forwarded to this client. However, please indicate any organisation to whom your details should not be sent.

aia

HR MARKETING & COMMUNICATIONS

## REEL SERVICE

### EUROPEAN SALES & MARKETING MANAGER

Reel Service, one of the world's largest surface mount component taping and reeling subcontractors and manufacturer of "Thistle" Carrier tapes and "KLIN" reels is now embarking on an aggressive marketing policy.

We seek a goal orientated team player who can keep pace with our present 40% + growth and accelerate this growth further in line with the company's plans.

Your task, besides growing our subcontract base, will be to take Reel Service to the number one position in material supplies through personal contact with customers and the establishment of local representatives and distributors. It is preferred that you will have experience, live contacts and a successful track record with suppliers to component manufacturers in the electronics industry. A working knowledge and understanding of foreign languages would be beneficial.

Working closely with the Country Managers in our facilities in Scotland and Germany, you will report direct to the Director of Sales & Marketing.

Send full personal and career details to:  
John Simpson, Managing Director  
Reel Service Limited  
55 Nasmyth Road  
Southfield Industrial Estate  
Glenrothes  
Fife, KY6 2SD

USA • SCOTLAND • GERMANY • ISRAEL • SINGAPORE

### MEDIA RELATIONS MANAGER

PRN International, a United News & Media company, seeks Media Relations Manager for London office. Responsibilities include development of relationships with key Pan-European media and trade press to increase awareness and value of PRN services to the media. Development and maintenance of a strong media database. Media background and familiarity with Pan-European media essential. Technology savvy with strong familiarity of Internet and new media. Ability to speak and read a second language - German, French, Italian - a plus. Some European travel.

Please fax resume with compensation requirements to: 001-212-681-3430 or E-mail to [shari\\_ford@prnnewswire.com](mailto:shari_ford@prnnewswire.com)

### MARKETING MANAGER

PRN International, a United News & Media company, seeks Marketing Manager to coordinate sales literature, organize promotional events and manage external communications. Proven direct marketing and strategic planning skills. Trade show experience a plus. Knowledge of Pan-European media and PR community valuable. Some European travel. Ability to speak and read a second language - German, French, Italian - a plus.

Please fax resume with compensation requirements to: 001-212-681-3430 or E-mail to [shari\\_ford@prnnewswire.com](mailto:shari_ford@prnnewswire.com)







# VEBA

AKTIENGESELLSCHAFT

# CORPORATE BUSINESS ANALYST

## DÜSSELDORF

VEBA AG is Germany's fourth largest multinational, with 120,000 employees and revenues in excess of DM 75 billion worldwide, active in the electricity, chemical, oil, trading, transport, service and telecoms industry. The company is very decentralised and generates consistent growth through innovation, value creation, internationalisation and active portfolio management.

In order to further internationalise the Group Management support, we are recruiting a Business Analyst specialising in the upstream activities of the Oil Division (6000 employees, DM 18 billion revenues). Reporting to the VP Corporate Planning and Control, working closely with the CEO, CFO and Board.

your main responsibilities will be:

- business support group management
- analysis of ongoing business activities
- analysis of investment proposals
- review of annual business plans
- support group control

Successful candidates for this attractive position will have a recognised degree in business and/or engineering, preferably complemented with an MBA. You will have gained four to six years' relevant experience, of which at least three

years in the upstream Oil and Gas Industry.

You are an ambitious professional with excellent analytical and communication skills, combining technical understanding with the ability to work independently on vital international projects. Furthermore you are fluent in English and German. Career opportunities are excellent.

If you are interested in this position, please contact Jasper J. Ligteneberg or Ludo M.M.G. Houben on (+3120) 6444 655 or send your Curriculum Vitae to: Robert Walters Associates, 'Riviersteats', Amsteldijk 166, 1079 LH Amsterdam. Fax: (+3120) 6429 005. Email: jasper.ligteneberg@robertwalters.com

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# EUROPEAN TAX MANAGER

## AMSTERDAM

## PACKAGE EXCELLENT

Our client is a major transportation company. The group has a strong presence in Europe and has identified significant growth potential in the European and Asian logistics markets.

Due to strong expansion foreseen over the coming years, they are now looking to recruit a European Tax Manager based in Amsterdam.

The main responsibilities will be:

- To develop and implement (international) tax planning in a challenging and expanding multinational environment.

- To play an active role in group finance initiatives by establishing tax efficient funding structures
- To assist the European subsidiaries with tax issues
- To maintain external contacts (with tax advisors, Revenue Authorities, lawyers etc.)

For this most attractive opportunity it is envisaged that the successful candidate will be a university graduate (tax law/economics) with at least five years' experience gained in one of the 'Big Six' and/or a leading multinational organisation.

Furthermore he/she should be highly commercial in outlook with the drive

and tenacity to succeed in a stimulating, changing and growing environment. The business language is English, but the successful candidate will ideally be fluent in one or more other European languages. International travel will be required.

If you are interested in this opportunity, please contact Maurits A.N.M. Claassen on (+3120) 6444 655, or alternatively send your Curriculum Vitae to the following address: Robert Walters Associates, 'Riviersteats', Amsteldijk 166, 1079 LH Amsterdam, The Netherlands. Fax: (+3120) 6429 005.

Email: maurits.claassen@robertwalters.com

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## PERCON EUROPE

### Paris

To £50,000 + Benefits + Relocation

### The Organisation

Percon Europe is an American owned NASDAQ quoted company which has seen revenue growth from \$2.2 million to \$30 million within the last 5 years. Due to acquisition and strategic partnering with other organisations throughout Europe revenue growth to \$100 million is anticipated. Percon's core markets lie in the development, design and manufacture of portable data terminals, hand-held and fixed station bar-code based data collection and data management products. Its world-wide network of distribution outlets now position Percon as the world leader in fixed-station decoders.

### The Role

With dual responsibility to both the Chief Financial Officer at Percon Headquarters and Managing Director of Percon Europe, you will:-

- Provide full financial reporting, tax reporting, budgeting, cash management and key performance indicator analysis for submission to Percon Inc.
- Develop banking and French fiscal authority relationships.
- Performance special research projects for new markets and promote company business performance.
- Attract, develop and supervise finance and IT staff of Percon Europe.

### The Appointee

Fluent in French and English you will have an impressive track record of achievement in a hi-tech environment. Knowledge of French Fiscal requirements and US GAAP will be a distinct advantage. In addition, you will enjoy working in a dynamic environment where your expertise both in finance and operational issues is sought.

You will be joining a company with an impressive track record to date and growth plans which will ensure an exciting and demanding career opportunity.

To apply, please write enclosing your CV and current salary details to our Recruitment Advisor, Iain O'Dair, Business Manager, Hays Accountancy Personnel, 42 West Street, Reading, Berkshire RG1 1AT. Tel: 0118 9591751. Fax: 0118 9509914.

**Hays Accountancy Personnel**



## European Operational Review

Stevenage

c £42,000 + Bens

Avnet Inc is one of the world's largest distributors of advanced electronic components and computer products with an annual turnover of \$5.4 billion. In just five years, Avnet has created a \$1 billion European network and now delivers a truly pan-European capability.

Our client now seeks an outstanding professional to become a key player on the corporate audit team. Working with the European audit manager, the candidate will travel approximately 30% to operational sites throughout Europe, working in a consultative role to add value to the operations and functions under review.

### The Position

This is a crucial, high profile role and will encompass the following responsibilities:

- Improving operational efficiency and safeguarding financial integrity whilst sharing best practices throughout the group.
- Targeted projects including operational review, margin analysis and cost control, benchmarking and competitive analysis.
- Participation in cross functional process improvement teams, which focus on key business issues.
- Providing vital information for senior management.

### Qualifications

- A qualified accountant, the ideal candidate will be a commercially astute individual either looking for a first move from practice, or currently in industry and commerce in a line, internal audit or consultancy role.
- Strong intellect and motivation.
- Ability to identify business issues.
- Excellent interpersonal and communication skills, a confident, assertive and down to earth team player.
- A second European language would be an advantage.

This is a real opportunity to help drive through change and add value to the business. The successful candidate can look forward to exciting and challenging opportunities for progression throughout the group.

For further information, please write enclosing a full CV, including current salary package to Mark Dole ACMA, Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Hertfordshire AL1 1SA. Please quote reference 364095.



**Michael Page Finance**

Specialists in Financial Recruitment  
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## Syndicate Finance Analyst

City

to £60,000 Basic + package

Our client is a highly successful recently floated Plc with a market capitalisation of around £200 million. A leader in its niche of the Lloyd's Insurance market, it has an enviable track record of profitable growth and several high profile shareholders.

The company is led by a young, dynamic and entrepreneurial team who have positioned the company to take advantage of market changes and to enjoy further growth, both organic and through acquisitions. Due to their rapid expansion, they are now looking to recruit a new Analyst into their syndicate finance function.

The Analyst will be a member of a high profile team providing the Group Finance Director with syndicate financial analysis and corporate management information as well as providing underwriters with management reporting. There is a strong developmental element to the team; at present a new risk based capital methodology is being introduced as well as a new management

information package. Consequently, an important part of the role is liaison across all levels both on the finance side and with the underwriters themselves.

As the ideal candidate you will be an enthusiastic, ambitious and business minded accountant able to apply skills in a highly competitive and acquisitive industry. The role is constantly evolving and you will therefore need to be task focused, able to think on your feet and to work well as a member of a team. You will be a qualified accountant (with a minimum of five years' post qualification experience), and an insurance background. You will be a strong communicator, confident and credible with a proven track record of success in a blue-chip organisation and with a real desire to forge your career in a dynamic and demanding environment.

Interested candidates should send a full CV, in strictest confidence, to Sarah Hunt at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN. Fax: 0171 242 5383.



**Michael Page City**

International Recruitment Consultants  
London Paris Frankfurt Madrid Hong Kong Singapore Sydney

## Finance Director

Merseyside

up to £50,000 + Car + Benefits

Our client is a £45m turnover limited company, offering a range of business services and training and is involved in partnership ventures to develop the competitiveness of the region.

Working closely with the Chief Executive, the appointed candidate will be a key member of an established management team, with overall responsibility for finance and customer administration. You will be instrumental in the long term growth and success of operations by formulating and implementing the company's plans and strategies.

The candidate will be a qualified accountant who has worked in a

senior financial role and can demonstrate self-motivation and leadership qualities, combined with strong commercial and technical skills. Experience of developing an IT strategy and attracting investment from Europe and other sources would be an advantage but above all you must have the enthusiasm, flexibility and strength of personality to succeed in this challenging environment.

Interested applicants should send their curriculum vitae to Dean Ball, Regional Manager, Michael Page Finance, 4th Floor, Clarendon House, 81 Mosley Street, Manchester M2 3LQ or fax a copy to 0161 236 6961 quoting reference 361323.



**Michael Page Finance**

Specialists in Financial Recruitment  
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds  
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## Performance Analyst

### International Banking Group

#### Excellent Package

City

Superb opportunity for talented individual to join one of Britain's leading international banking groups. This high profile position will take full responsibility for managing and advising upon a wide range of financial issues across the group's Trade Services business.

#### THE POSITION

- ◆ New role, reporting to Finance Director. Key member of team working closely with senior executives and line management, deputising for Finance Director as required.
- ◆ Development and management of financial processes for Trade Services including management accounting, investment appraisal, planning and budgeting.
- ◆ Management of projects to develop management information in support of business growth.
- ◆ Providing financial advice across all areas of the business.

#### QUALIFICATIONS

- ◆ ACA/ACCA/CIMA qualified with 2-4 years' relevant experience gained within a multidisciplinary environment in industry or banking.
- ◆ Energetic self starter with strong technical skills. Team player. Customer focused.
- ◆ Persuasive, articulate and confident communicator. High levels of initiative and commercial awareness.

Please send full cv, stating salary, ref F570801, to NBS, 21-26 Garlick Hill, London EC4V 2AU  
Fax 0171 409 0698 Tel 0171 379 1070

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NB Selection



Financial Services

A BNB Resources plc company

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## Financial Controller

### Business Services

c.£35,000 + Car + Benefits

M3 Corridor

Head Office role for top-class technical accountant.

#### THE COMPANY

- ◆ Subsidiary group of major UK services provider. Founded 1900. Growing and profitable. Acquisitive.
- ◆ Turnover £200m. Market leading supplier of industrial services.
- ◆ Nationwide coverage from 36 locations. Customer and quality focused.

#### THE POSITION

- ◆ Manage centralised finance team. Report to FD. Responsible for producing HO financial accounts, statutory reporting and compliance.
- ◆ Consolidate accounts for parent company reporting. Maintain high standards of analysis and interpretation. Drive development of financial systems.

- ◆ Manage budgeting, forecasting and audit processes. Provide support for ad hoc projects.

#### QUALIFICATIONS

- ◆ Graduate ACA/ACCA. At least three years' PQE exposure to sophisticated financial control in medium-to-large corporate environment.
- ◆ Outstanding technical skills. Critical eye for business issues and attention to detail.
- ◆ Energetic, mature, challenging, committed. Excellent communication ability.

Please send full cv, stating salary, ref SL708A1, to NBS, 7 Shaftesbury Court, Chisley Park, Slough SL1 2ER  
Responses will be forwarded direct to our client. Please indicate any companies to which you do not wish your details to be given.

Fax 01753 819228 Tel 01753 819227

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NB Selection



Financial Services

A BNB Resources plc company

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## McKinsey & Company

# Considering a career in strategic consulting?

McKinsey & Company invite you to find out more about consulting opportunities with them

at an evening presentation

in Central London

on Tuesday 23 September, 1997

We are keen to meet individuals who have a good honours degree and between three and eight years' high quality experience with a leading accounting practice, bank or blue chip business.

If you are interested in being shortlisted for the presentation, please send your Curriculum Vitae to David Magowan at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel: 0171 379 3333. Fax: 0171 915 8714.

E-mail: david.magowan@robertwalters.com

ROBERT WALTERS ASSOCIATES

http://www.robertwalters.com

### Be A Key Player Within A Dynamic City Institution

## FINANCIAL PLANNING MANAGER

### Competitive Salary & Benefits Package

Our client is a Top 20 Fund Manager with over £20 billion assets under management, which has grown rapidly through its emphasis on customer service and quality. With a forward thinking and progressive culture, they are constantly striving to improve financial information and control. To this end, they are seeking to recruit a high calibre professional to join the Finance team.

You will have an instrumental role in providing financial information that will drive the business forward. The position offers extensive exposure to all areas of the business and carries the following responsibilities:

- To provide direct financial and business support to senior management
- To perform corporate financial benchmarking analysis and projects including participation in industry surveys

For further information, please contact Fiona Kell or Craig Ashford on 0171 209 1000

(quoting reference FT024). Alternatively, send/fax your CV to FSS Financial, Charlotte

House, 14 Windmill Street, London W1P 2DY. Fax: 0171 209 0001. e-mail: fss@fss.co.uk

- To provide analysis of financial control issues across all business
- To coordinate, manage and upgrade the Activity Based Costing model
- To examine the financial viability of potential new products

Suitable candidates for this challenging role will be highly motivated, recently qualified Accountants (ACA or ACMA) with excellent written and verbal communication skills and aged between 24-35. Previous exposure to the asset management industry is not essential and applications will be welcomed from individuals seeking a first move into this sector. You must be a proactive and dynamic individual, capable of adding value to the organisation.



Consultants in Financial Recruitment Search &amp; Selection

## FINANCIAL ANALYSTS

### High Wycombe

Dun & Bradstreet Information Services (DBIS) is the largest source of business credit, marketing and receivable management information in the world. It forms part of the Dun & Bradstreet Corporation which has an annual revenue of \$2 billion and 16,000 employees in over 40 countries. DBIS provides valuable business services to 2 million customers in over 60 countries, and is ranked as the world's leading marketer of business information and related services.

As part of a major programme to improve the efficiency of financial and reporting systems across the organisation, Dun & Bradstreet is now looking to appoint a number of individuals to implement Oracle Financials within the European operating units. Based at the European Headquarters in High Wycombe, you will work within the European Technology Division which provides the following computing services: New Systems Development, Business



Dun &amp; Bradstreet

Systems, Technical Services, Production Services, and Finance & Accounting. Working closely with technical developers to achieve an integrated financial systems architecture, the key elements of these roles will include: analysis on design and maximising the benefits derived from the application as well as implementing new and modified management reports.

Successful candidates will be capable of working with previous experience of financial systems implementation and project management. Ideally an accountant or finance background, you must have at least two years' experience of Oracle Financials version 10.5 or above and be willing to train end users. This is a high travel role which requires commitment, the ability to work effectively in a multi-disciplinary team, tight deadlines, and outstanding oral and written communication skills. Possession of a second European language would be an advantage.

For further information, please contact Ed Groombridge (quoting FT023) on 01753 621877

Alternatively, send/fax your CV to FSS Financial, 4a High Street, Windsor, Berkshire, SL4 1JF

Fax: 01753 621877, e-mail: eg@fss.co.uk



Consultants in Financial Recruitment Search &amp; Selection

Your company has its own aircraft,  
do you also have the suitable  
Maitre de cabine?

Singaporean lady (34), based in Singapore, seeks new, challenging assignment as chief of cabin - or similar. Able to work fully independent and yet an excellent team player, with long experience in flying and extended knowledge in F&B management, perfect manners and winning personality. References available.

For a first contact please send fax to:  
+441 21 3 123 123

## Appointments Advertising

appears in the UK edition every Wednesday & Thursday  
and in the International edition every Friday

For further information please call:

Courtney Anderson on +44 0171 873 4153

Financial Times

## Internal Audit Manager

Earnings up to £37,500 + Car

Mercedes-Benz (UK) Limited is a daughter Company of Daimler-Benz AG and is a sales, marketing and services organisation currently selling around 40,000 cars and 20,000 commercial vehicles in the UK, through a national network of 200 dealerships.

Based in Milton Keynes and reporting to the Managing Director, our Internal Audit Manager has the responsibility of reviewing the reliability and integrity of financial and operating information; reviewing systems to ensure compliance with procedures and laws; and reviewing the means of safeguarding and verifying assets.

We are seeking a qualified Accountant aged up to 35, who is highly self-motivated and who will have had several years' experience of auditing in medium to large companies in addition to a wider spread of financial experience. You will be familiar with computer systems analysis and process improvement.

The attractive remuneration package is accompanied by a range of benefits including Profit Related Pay, management bonus, fully expensed Mercedes-Benz car scheme, contributory pension scheme with life assurance and permanent health insurance, BUPA and excellent working conditions. Relocation assistance will be available.

For an application form, please telephone 01908 245481 between the hours of 9.00am and 5.00pm.



Mercedes-Benz

## FINANCE MANAGER AND COMPANY SECRETARY

circa £40,000 + benefits

Progressive family company seeks to appoint a qualified accountant to manage its finances and contribute to the development of the business.

The position offers the prospect of a future directorship and the successful applicant will become part of a small senior management team. Responsibilities will encompass all areas of financial and management accounting, and Company Secretarial duties.

Candidates should possess a sound record of achievement in industry and ideally be aged between 35 and 45. Strong computer and communication skills are essential.

Please write, enclosing a detailed C.V. to:

*Tiptree*

Peter Wilkin,  
Chairman,  
WILKIN & SONS LTD.,  
Tiptree, Essex. CO5 0RT

مكازم العمل



## CORPORATE FINANCE NORTH AND MIDLANDS

### Managers and Assistant Managers

Deloitte & Touche is one of the leading players within the growing Corporate Finance market in the North and Midlands. Our specialist Corporate Finance team provides advisory and investigation services to a wide range of private and public companies. As part of our expansion plans we have a requirement for additional Assistant Managers and Managers in the North and Midlands.

To be successful in this role, you will have had previous Corporate Finance experience within a professional practice, venture capital firm, investment bank or blue chip industrial group. You will need to be highly articulate and have a confident and commercial approach with strong analytical skills. You also need to be a good team player.

You will gain significant experience and career development with Deloitte & Touche. Interested applicants should send a comprehensive c.v. (quoting reference CF/1) to either Maghsoud Einollahi, Partner in Charge, Corporate Finance, North Region Deloitte & Touche, 201 Deansgate, Manchester M60 2AT or Andrew Curwen, Partner-in-Charge, Corporate Finance, Midlands Region, Deloitte & Touche, Colmore Gate, 2 Colmore Row, Birmingham B3 2BN by 29 August.

**Deloitte & Touche**

CHARTERED ACCOUNTANTS

■ **LA SOCIÉTÉ** : Notre client, la division la plus importante d'un groupe coté US en pleine expansion (CA > \$ 1.700m), est le leader mondial des études de marché dans le secteur de la santé. Depuis 40 ans et à travers plus de 60 pays, la société propose des solutions globales axées sur son expertise en informations et en technologie ainsi que sur l'expérience de son personnel. Nous recherchons actuellement pour sa filiale française (110 personnes) un :

## Directeur Financier

Paris 500 KF +

■ **LE POSTE** : Membre clé du comité de direction et véritable partenaire du Directeur Général pour tous les aspects «business», vous participerez activement à l'expansion de l'entreprise et aux choix d'investissements stratégiques. De plus, à la tête d'une équipe de 9 personnes, vous prendrez en charge le contrôle de gestion, la comptabilité, le reporting, les budgets, la trésorerie, la fiscalité et diverses autres responsabilités.

■ **LE CANDIDAT** : De formation supérieure, vous disposez d'environ 10 ans d'expérience professionnelle, dont plusieurs années en contrôle financier ou sein d'une société internationale de services. Vous connaissez les principes US GAAP et maîtrisez la langue anglaise. Enfin, vous souhaitez travailler dans un groupe où la fonction finance est forte et où d'excellentes perspectives d'évolution peuvent être proposées à un candidat mobile.

■ **Merci d'envoyer un dossier complet de candidature sous la réf. 3869/IAFT à J'OR ALEX ROBERT HALF FRANCE, 39 avenue Pierre 1er de Serbie, 75008 PARIS-FRANCE, ou par fax au (00 33) 1 47 23 38 00 ou par e-mail (Format MIME ou BinHex) «robert@half.mgn.fr». Consultez notre serveur internet http://www.roberthalf.com.**

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- the audit of all processes and procedures within the operations division.
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- liaison with risk management staff and the internal audit department.

### The Person:

- A minimum of three years' audit management experience together with a recognised qualification.
- strong problem-solving skills coupled with lateral thinking.
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- quality conscious with strong information gathering and analysis skills.
- PC literate.

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For further information please contact Chris Turner quoting Ref: FT/27845.

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For further information in the strictest confidence, please contact Ian Dunbar on 0171 240 1040. Alternatively send or fax your résumé quoting reference no. 2505/11 to Morgan & Banks PLC, Brettenham House, Lancaster Place, London WC2E 7EN, fax no 0171 240 1052.

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To apply, please send a copy of your CV, including salary details, to Jon Bramley, POSG Support Services Personnel, Ground Floor Block B, Rowland Hill House, Boythorpe Road, Chesterfield S49 1HQ.

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# Second dog thoughts support sterling

## MARKETS REPORT

By Richard Adams

Expectations within the currency markets that UK interest rates are "on hold" resurfaced yesterday, enabling sterling to gain three pence against the D-Mark during trading in London.

The pound's return above DM2.52 was aided by a realisation that the Bank of England's statement on Wednesday, which said it was time for a "pause" in monetary policy, by no means ruled out a rate rise within the next few months.

Sterling's rise was again helped by the strength of the US dollar, which was supported by a move out of year lows following the continuing currency turbulence in South Asia.

The dollar closed against the yen in London at ¥117.5, up ¥2.3 from the close of the previous day's trading. The dollar continued to rise in

early trading in New York, going above ¥118 before falling back.

The yen's weakness followed the announcement yesterday by Indonesia that it was abandoning its use of a currency trading band for the rupiah, in favour of a free float.

The move was forced on Indonesia after another speculative attack. By Wednesday, Bank Indonesia, the central bank, had already spent \$1.5bn supporting the currency recently.

The rupiah quickly slid to a record low against the US dollar at Rp2,815, but recovered to around Rp2,750.

The D-Mark and the pound took advantage of the yen's weakness, with sterling gaining ¥4.5 to ¥187 and the

D-Mark up near ¥84 - its strongest for two weeks.

The D-Mark also rose against the Norwegian and Swedish currencies, helped by market worries ahead of Norway's general election next month, and this summer trading volumes.

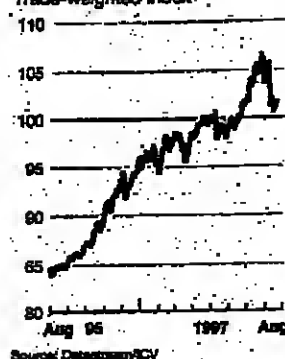
The return of sterling above DM2.52 was the result of second thoughts following the Bank of England's campaign to talk down sterling.

The Bank followed last week's statement by the monetary policy committee with remarks in its latest inflation report suggesting a pause in rate increases.

"The Bank may be on hold, but the next rate move is certainly up, and it may be sooner than we think," Mr Persaud said.

## Sterling

Trade-weighted index



Source: Datastream/ICI

Indonesia became the latest Asian emerging market to find its currency controls proving no match to the marketplace.

The pressure had been building steadily on the rupiah after the turmoil in the Thai baht had abated. But it came to a head when its rate against the dollar reached the top of the old band at Rp2,652.

Analysts at Citibank in London say the short term range for the rupiah against the dollar is Rp2,650 before appreciation sets in.

The central bank has now moved its emphasis to interest rate targeting following tighter monetary and fiscal policies, although Citibank

said the current level of high rates is unsustainable and a burden on the economy.

A modest rise in US industrial production in July, coupled with a drop in capacity utilisation, had little impact on the dollar. The data confirmed the established view of good third quarter growth with low inflation.

Also cited were the unimpaired comments following the meeting between Mr Lawrence Summers, the US deputy Treasury secretary, and Mr Eisuke Sakakibara, Japan's vice-minister for international affairs.

The pair said they discussed topics including monetary co-operation with emerging markets, but said nothing on the dollar or the yen, except that their policy had not changed.

## OTHER CURRENCIES

Aug 14  
Case 91.9279 - 54.0217 31.9960 - 34.0380  
Hans 314.325 - 314.563 188.150 - 188.200  
Hus 470.32 - 470.580 300.000 - 300.000  
Kwai 0.487 - 0.481 0.504 - 0.509  
Pak 5.374 - 5.422 3.470 - 3.459  
Pak 5.374 - 5.422 3.470 - 3.459  
Pak 5.374 - 5.422 3.470 - 3.459

## POUND SPOT FORWARD AGAINST THE POUND

Aug 14	Closing	Change	Settlement	Day's	One	Three	One	Bank
	mid-point		mid-point	high	month	months	year	of
					Rate	Rate	Rate	Rate
Europe	100.00	+0.04	99.96	100.00	100.00	100.00	100.00	100.00
Asia	100.00	+0.04	99.96	100.00	100.00	100.00	100.00	100.00
Africa	100.00	+0.04	99.96	100.00	100.00	100.00	100.00	100.00
Americas	100.00	+0.04	99.96	100.00	100.00	100.00	100.00	100.00
Other	100.00	+0.04	99.96	100.00	100.00	100.00	100.00	100.00

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Aug 14	Closing	Change	Settlement	Day's	One	Three	One	Bank
	mid-point		mid-point	high	month	months	year	of
					Rate	Rate	Rate	Rate
Europe	100.00	+0.04	99.96	100.00	100.00	100.00	100.00	100.00
Asia	100.00	+0.04	99.96	100.00	100.00	100.00	100.00	100.00
Africa	100.00	+0.04	99.96	100.00	100.00	100.00	100.00	100.00
Americas	100.00	+0.04	99.96	100.00	100.00	100.00	100.00	100.00
Other	100.00	+0.04	99.96	100.00	100.00	100.00	100.00	100.00

## CROSS RATES AND DERIVATIVES

Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14
Belgium	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Denmark	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
France	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Germany	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Italy	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Netherlands	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Portugal	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Spain	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sweden	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Switzerland	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
UK	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

## UK INTEREST RATES

Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14
Overnight	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

## BASE LENDING RATES

Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14
Aden & Company	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Alfred Jones Bank	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Barclays Bank	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of America	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of China	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of India	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Japan	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Korea	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of London	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Mexico	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of New York	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Paris	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Rome	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of San Francisco	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Shanghai	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Singapore	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of South Africa	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Sweden	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Switzerland	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Taiwan	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Thailand	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Tokyo	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Union	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Vietnam	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of West	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of World	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of York	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Zanzibar	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Bank of Zimbabwe	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00

## UK INTEREST RATES

Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14
Overnight	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

## UK INTEREST RATES

Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14
Overnight	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

## UK INTEREST RATES

Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14
Overnight	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

## UK INTEREST RATES

Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14
Overnight	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

## UK INTEREST RATES

Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14
Overnight	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

## UK INTEREST RATES

Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14
Overnight	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

## UK INTEREST RATES

Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14	Aug 14
Overnight	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12 months	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

## WORLD INTEREST RATES

### MONEY RATES

August 14	Over night	One month	Three months	Six months	One year	Long- term inter.	Dis. rate	Repo rate
Belgium	3%	3%	3 1/2	3%	3 1/4	6.00	2.50	-
France	3 1/2	3 1/2	3 3/4	3 1/2	3 3/4	4.10	-	4.75
Germany	3 1/2	3 1/2	3 3/4	3%	3 1/2	3.50	2.50	3.00
Ireland	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	-	-	0.75
Italy	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	7.75	6.25	6.27
Netherlands	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	-	2.50	3.00
Switzerland	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	-	1.00	-
U.S.	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	-	5.00	-
Japan	2	2	2	2	2	-	0.50	-











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Category	Region	Year	Value	Unit
...	...	...	...	...

[illegible]

Selling Price	Buying Price	+ or -	Yield Gross	Selling Price	Buying Price	+ or -	Yield Gross
Prudential Fund Management Ltd				Kenneth Global Investments Limited			
Prudential Fund Mgt Ltd Jan 26	289.47	-	-	Kenex Sales Strategy Jul 27	245.470	-	-

[illegible]



RETIREMENT TRUSTS

**INVESTMENT TRUSTS** Cont.

Notes	Price	High	Low
New City & Corner	121.5	124.0	119.0
R.P.I. 2008	211.5	212.0	211.0
New York	228.5	230.0	227.0
Am. Electric Sv. Corp.	11.5	11.8	11.2
Gen. Elec. 2013	11.5	11.8	11.2
Western Union	11.5	11.8	11.2
Gen. Electric	11.5	11.8	11.2
Consolidated Ed.	11.5	11.8	11.2
Western	11.5	11.8	11.2

Pacific Horizon  
Haworth

1000  
 900  
 800  
 700  
 600  
 500  
 400  
 300  
 200  
 100  
 0

London  
Market

Country	Year	Value
Algeria	1990	1.00
Algeria	1991	1.00
Algeria	1992	1.00
Algeria	1993	1.00
Algeria	1994	1.00
Algeria	1995	1.00
Algeria	1996	1.00
Algeria	1997	1.00
Algeria	1998	1.00
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Algeria	2065	1.00
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Algeria	2067	1.00
Algeria	2068	1.00
Algeria	2069	1.00
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Algeria	2101	1.00
Algeria	2102	1.00

Wynn Petroleum Ltd. A	103 1/2	+1	103 1/2
Wynncor Energy Corp. A	112	—	112 1/2

State	City	Company	Address	Phone	Telex	Fax	Internet	E-mail	Website
Alabama	Montgomery	Alabama Trust Co.	100 N. 1st St.	205/263-1111					
Alaska	Juneau	Alaska Trust Co.	100 N. 1st St.	907/586-1111					
Arizona	Phoenix	Arizona Trust Co.	100 N. 1st St.	602/254-1111					
Arkansas	Fayetteville	Arkansas Trust Co.	100 N. 1st St.	501/224-1111					
California	San Francisco	California Trust Co.	100 N. 1st St.	415/398-1111					
Colorado	Denver	Colorado Trust Co.	100 N. 1st St.	303/733-1111					
Connecticut	Hartford	Connecticut Trust Co.	100 N. 1st St.	860/524-1111					
Delaware	Wilmington	Delaware Trust Co.	100 N. 1st St.	302/426-1111					
Florida	Miami	Florida Trust Co.	100 N. 1st St.	305/375-1111					
Georgia	Atlanta	Georgia Trust Co.	100 N. 1st St.	404/524-1111					
Hawaii	Honolulu	Hawaii Trust Co.	100 N. 1st St.	808/534-1111					
Idaho	Boise	Idaho Trust Co.	100 N. 1st St.	208/334-1111					
Illinois	Chicago	Illinois Trust Co.	100 N. 1st St.	312/464-1111					
Indiana	Indianapolis	Indiana Trust Co.	100 N. 1st St.	317/434-1111					
Iowa	Des Moines	Iowa Trust Co.	100 N. 1st St.	515/284-1111					
Kansas	Topeka	Kansas Trust Co.	100 N. 1st St.	913/464-1111					
Kentucky	Louisville	Kentucky Trust Co.	100 N. 1st St.	502/584-1111					
Louisiana	New Orleans	Louisiana Trust Co.	100 N. 1st St.	504/584-1111					
Maine	Portland	Maine Trust Co.	100 N. 1st St.	603/864-1111					
Maryland	Baltimore	Maryland Trust Co.	100 N. 1st St.	410/534-1111					
Massachusetts	Boston	Massachusetts Trust Co.	100 N. 1st St.	617/534-1111					
Michigan	Detroit	Michigan Trust Co.	100 N. 1st St.	313/464-1111					
Minnesota	Minneapolis	Minnesota Trust Co.	100 N. 1st St.	612/334-1111					
Mississippi	Jackson	Mississippi Trust Co.	100 N. 1st St.	601/224-1111					
Missouri	St. Louis	Missouri Trust Co.	100 N. 1st St.	314/464-1111					
Montana	Billings	Montana Trust Co.	100 N. 1st St.	406/234-1111					
Nebraska	Omaha	Nebraska Trust Co.	100 N. 1st St.	402/334-1111					
Nevada	Las Vegas	Nevada Trust Co.	100 N. 1st St.	702/334-1111					
New Hampshire	Manchester	New Hampshire Trust Co.	100 N. 1st St.	603/864-1111					
New Jersey	Jersey City	New Jersey Trust Co.	100 N. 1st St.	201/464-1111					
New Mexico	Albuquerque	New Mexico Trust Co.	100 N. 1st St.	505/234-1111					
New York	New York City	New York Trust Co.	100 N. 1st St.	212/464-1111					
North Carolina	Raleigh	North Carolina Trust Co.	100 N. 1st St.	919/464-1111					
North Dakota	Bismarck	North Dakota Trust Co.	100 N. 1st St.	701/234-1111					
Ohio	Columbus	Ohio Trust Co.	100 N. 1st St.	614/464-1111					
Oklahoma	Oklahoma City	Oklahoma Trust Co.	100 N. 1st St.	405/234-1111					
Oregon	Portland	Oregon Trust Co.	100 N. 1st St.	503/234-1111					
Pennsylvania	Philadelphia	Pennsylvania Trust Co.	100 N. 1st St.	215/464-1111					
Rhode Island	Providence	Rhode Island Trust Co.	100 N. 1st St.	401/234-1111					
South Carolina	Columbia	South Carolina Trust Co.	100 N. 1st St.	803/234-1111					
South Dakota	Spearhead	South Dakota Trust Co.	100 N. 1st St.	605/234-1111					
Tennessee	Memphis	Tennessee Trust Co.	100 N. 1st St.	901/234-1111					
Texas	Houston	Texas Trust Co.	100 N. 1st St.	713/464-1111					
Utah	Salt Lake City	Utah Trust Co.	100 N. 1st St.	801/234-1111					
Vermont	Montpelier	Vermont Trust Co.	100 N. 1st St.	802/2					

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VESCO Recovery	110	118
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**UNIT 4 - Cont.****PROPERTY****RETAILERS, GENERAL - Contd****T004000**

### ATM - Cont

Category	Item	Unit	Price
Food	1. Rice	kg	1.20
	2. Wheat	kg	1.50
	3. Corn	kg	1.00
	4. Soybean	kg	2.00
	5. Sesame	kg	3.00
	6. Cottonseed	kg	2.50
	7. Sunflower	kg	2.80
	8. Peanut	kg	2.20
	9. Linseed	kg	3.50
	10. Rapeseed	kg	3.20
Clothing	1. Cotton T-shirt	piece	15.00
	2. Cotton T-shirt	piece	15.00
	3. Cotton T-shirt	piece	15.00
	4. Cotton T-shirt	piece	15.00
	5. Cotton T-shirt	piece	15.00
	6. Cotton T-shirt	piece	15.00
	7. Cotton T-shirt	piece	15.00
	8. Cotton T-shirt	piece	15.00
	9. Cotton T-shirt	piece	15.00
	10. Cotton T-shirt	piece	15.00
Shoes	1. Sneakers	pair	120.00
	2. Sneakers	pair	120.00
	3. Sneakers	pair	120.00
	4. Sneakers	pair	120.00
	5. Sneakers	pair	120.00
	6. Sneakers	pair	120.00
	7. Sneakers	pair	120.00
	8. Sneakers	pair	120.00
	9. Sneakers	pair	120.00
	10. Sneakers	pair	120.00
Electronics	1. TV	set	1000.00
	2. TV	set	1000.00
	3. TV	set	1000.00
	4. TV	set	1000.00
	5. TV	set	1000.00
	6. TV	set	1000.00
	7. TV	set	1000.00
	8. TV	set	1000.00
	9. TV	set	1000.00
	10. TV	set	1000.00
Furniture	1. Bed	piece	200.00
	2. Bed	piece	200.00
	3. Bed	piece	200.00
	4. Bed	piece	200.00
	5. Bed	piece	200.00
	6. Bed	piece	200.00
	7. Bed	piece	200.00
	8. Bed	piece	200.00
	9. Bed	piece	200.00
	10. Bed	piece	200.00

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Cells are charged  
- An International service is available for callers outside  
- UK, standard subscription £250 stg. Please consult  
- our sales adviser and verify financial pricing information  
- obtained via FT Cyteline before making any investment  
- decision.  
50.9 All access to and use of FT Cyteline is subject to  
50.1 Cyteline terms and conditions - your copy will be  
78 sent on request.  
1.5 Call 0171 975 4578 for more information on FT Cyteline.  
6.2 The share prices printed on these pages are  
- available on the internet at <http://www.FT.com>  
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**PROPERTY - Cont.**

## SUPPORT SERVICES - Cont.

[illegible]**TELECOMMUNICATIONS**[illegible]

**TEXTILES & APPAREL**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
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Prices for the London Share Service are delivered by Easil, part of Financial Times Information.

Company classifications are based on those used for the FTSE 100 and FTSE 250 indices.

Quoting mid-prices are shown in pence unless otherwise stated. Rights and loans are based on five-day mid-price of a unit in the week period.

Where stocks are denominated in currencies other than sterling, the prices are converted into sterling at the rates of exchange for the currencies concerned. Prices shown for some of the foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend

## GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Eatal, part of  
Financial Times Information.

Company classifications are based on those used for the FTSE  
Averages Share Indices.

Quoting bid-prices are shown in pence unless otherwise stated. Highs and lows  
are based on intra-day bid-price over a rolling 12-week period.

When stocks are demutualised in consecutive years then the starting  
this is the first year of demutualisation. Prices shown for some of the  
local stock exchanges are converted into sterling from latest available  
local Stock Exchange prices.

Symbols relating to dividend status appear in the notes column  
daily as a guide to yields and P/E ratios. Dividends and Dividend

† Market capitalization shown is calculated separately for each firm.

[illegible]

— = Field turned on      F = Field based on      SD = Screen based

[illegible]

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## LONDON STOCK EXCHANGE

## Choppy session sees Footsie dip below 5,000

## MARKET REPORT

By Steve Thompson,  
UK Stock Market Editor

A session that began with UK stocks in good heart ended with the market falling disappointingly by the close, after several changes of mood.

Once again, London was responding mostly to events in the US where the latest inflation news calmed jangling nerves and provided much needed reassurance about the short term course of interest rates.

A 0.2 per cent increase in consumer prices in July was interpreted by some as an indicator

that rates will be left on hold after next Tuesday's meeting of the US Federal Reserve's Open Market Committee.

Other economic news from the US, including weekly jobless claims, industrial production and capacity utilisation seemed to do no harm to market sentiment.

The late slide in UK stocks took place against a positive performance from Wall Street, where the Dow Jones Industrial Average rose more than 30 points in early trading, before drifting back shortly after London closed.

The FTSE 100's 29 point dip was always looking good after the inflation news, with the bond up around a half-point and

helping UK gilts to consolidate earlier gains.

UK marketmakers said London shares had endured a difficult and choppy session. A firm opening, reflecting relief that Wall Street had rallied from its lowest levels overnight, was followed by a flurry of keen buying interest and a widespread mark-up of prices after Wednesday's sell-off in London.

That had been prompted by a clutch of sell programmes, one of which emanated from a high institution lightening its exposure to UK stocks.

Worries about the possibility of another sell-off in US stocks wiped out the FTSE 100's 29 point

rise and saw the index slide below 5,000 over lunchtime.

The US data brought a resurgence of support for equities, but that subsequently petered out in the afternoon with marketmakers complaining of "indigestion" in the market, linked to a further brace of programme trades.

By the close, Footsie was 12.3 points off at 4,991.2. There was some comfort from the mid-cap and small cap stocks, with both sectors stubbornly refusing to mirror the choppy performance of the leaders.

The FTSE 250 ended 12.9 up at 4,889.9, having touched a session peak of 4,890.4, while the FTSE SmallCap closed at the day's

best of 2,242.8, up 8.5. Marketmakers said that although London had disappointed yesterday there were few signs of any serious selling pressure across the broad market, outside the leaders that were being pressured by the programme sales. "As long as Wall Street and the bond markets remain firm, equities should be fine," said one trader.

Strategists were not so confident. Mr Richard Jeffrey at Charterhouse warned that the market "is reacting to the bad news rather than to the good news."

Turnover at 6pm was a rather subdued 77.1m shares.



FTSE All-Share Index

Index	Value	Change
FTSE 100	4991.2	-12.3
FTSE 250	4889.9	+12.9
FTSE 350	2404.1	-3.5
FTSE All-Share	2346.32	-2.64
FTSE All-Share Yield	3.35	3.34

Indices and ratios

Index	Value	Change
FTSE 100	4991.2	-12.3
FTSE 250	4889.9	+12.9
FTSE 350	2404.1	-3.5
FTSE All-Share	2346.32	-2.64
FTSE All-Share Yield	3.35	3.34

Best performing sectors

Sector	Value	Change
Diversified Ind.	+3.0	
Gas Distribution	+1.4	
Tobacco	+1.3	
Textiles & Apparel	+0.8	
Chemicals	+0.8	

Worst performing sectors

Sector	Value	Change
Oil	-2.2	
Mineral Extraction	-1.8	
Building Mats & Merchs	-1.3	
Media	-0.8	
Electricity	-0.7	

FUTURES AND OPTIONS

Index	Value	Change
FTSE 100 INDEX FUTURES (LIVER) £25 per full index point		
Open	5045.0	
Set	5002.0	
High	5075.0	
Low	5050.0	
Est. Vol	5588	
Open Int	180	

FTSE 250 INDEX FUTURES (LIVER) £10 per full index point

Index	Value	Change
FTSE 250 INDEX FUTURES (LIVER) £10 per full index point		
Open	4750.0	
Set	4750.0	
High	4800.0	
Low	4750.0	
Est. Vol	5	
Open Int	8989	

FTSE 100 INDEX OPTION (LIVER) £100 per full index point

Index	Value	Change
FTSE 100 INDEX OPTION (LIVER) £100 per full index point		
Open	4800	
Set	4800	
High	4850	
Low	4750	
Est. Vol	9100	
Open Int	8100	

FTSE 250 INDEX OPTION (LIVER) £100 per full index point

Index	Value	Change
FTSE 250 INDEX OPTION (LIVER) £100 per full index point		
Open	4800	
Set	4800	
High	4850	
Low	4750	
Est. Vol	9100	
Open Int	8100	

EURO STYLE FTSE 100 INDEX OPTION (LIVER) £100 per full index point

Index	Value	Change
EURO STYLE FTSE 100 INDEX OPTION (LIVER) £100 per full index point		
Open	4800	
Set	4800	
High	4850	
Low	4750	
Est. Vol	9100	
Open Int	8100	

LONDON RECENT ISSUES: EQUITIES

Issue	Price	Change
FTSE 100	4991.2	-12.3
FTSE 250	4889.9	+12.9
FTSE 350	2404.1	-3.5
FTSE All-Share	2346.32	-2.64
FTSE All-Share Yield	3.35	3.34

FTSE GOLD MINES INDEX

Index	Value	Change
FTSE GOLD MINES INDEX		
Open	1400.0	
Set	1400.0	
High	1450.0	
Low	1350.0	
Est. Vol	1000	
Open Int	1000	

FTSE Actuaries Share Indices

Index	Value	Change
FTSE Actuaries Share Indices		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

The UK Series

Index	Value	Change
The UK Series		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE Actuaries Industry Sectors

Index	Value	Change
FTSE Actuaries Industry Sectors		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

Hourly movements

Index	Value	Change
Hourly movements		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 100 INDEX

Index	Value	Change
FTSE 100 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 250 INDEX

Index	Value	Change
FTSE 250 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 350 INDEX

Index	Value	Change
FTSE 350 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE All-Share INDEX

Index	Value	Change
FTSE All-Share INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE All-Share YIELD

Index	Value	Change
FTSE All-Share YIELD		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 100 INDEX

Index	Value	Change
FTSE 100 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 250 INDEX

Index	Value	Change
FTSE 250 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 350 INDEX

Index	Value	Change
FTSE 350 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE All-Share INDEX

Index	Value	Change
FTSE All-Share INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE All-Share YIELD

Index	Value	Change
FTSE All-Share YIELD		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 100 INDEX

Index	Value	Change
FTSE 100 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 250 INDEX

Index	Value	Change
FTSE 250 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 350 INDEX

Index	Value	Change
FTSE 350 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE All-Share INDEX

Index	Value	Change
FTSE All-Share INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE All-Share YIELD

Index	Value	Change
FTSE All-Share YIELD		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 100 INDEX

Index	Value	Change
FTSE 100 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 250 INDEX

Index	Value	Change
FTSE 250 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 350 INDEX

Index	Value	Change
FTSE 350 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE All-Share INDEX

Index	Value	Change
FTSE All-Share INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE All-Share YIELD

Index	Value	Change
FTSE All-Share YIELD		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 100 INDEX

Index	Value	Change
FTSE 100 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 250 INDEX

Index	Value	Change
FTSE 250 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	
Open Int	1000	

FTSE 350 INDEX

Index	Value	Change
FTSE 350 INDEX		
Open	1000.0	
Set	1000.0	
High	1050.0	
Low	950.0	
Est. Vol	1000	



WORLD STOCK MARKETS

Highs & Lows shown on a 52 week basis

Region	Country	Index	High	Low	52 Week High	52 Week Low
EUROPE	AUSTRIA (Aug 14/15)	ATX	1,234.5	1,234.5	1,234.5	1,234.5
	Belgium (Aug 14/15)	BELX	3,456.7	3,456.7	3,456.7	3,456.7
	Denmark (Aug 14/15)	OMXC20	5,678.9	5,678.9	5,678.9	5,678.9
	France (Aug 14/15)	CAC40	12,345.6	12,345.6	12,345.6	12,345.6
	Germany (Aug 14/15)	DAX	23,456.7	23,456.7	23,456.7	23,456.7
	Greece (Aug 14/15)	ATHEX	1,234.5	1,234.5	1,234.5	1,234.5
	Ireland (Aug 14/15)	ISEQ	3,456.7	3,456.7	3,456.7	3,456.7
	Italy (Aug 14/15)	FTSEMIB	12,345.6	12,345.6	12,345.6	12,345.6
	Netherlands (Aug 14/15)	AEX	3,456.7	3,456.7	3,456.7	3,456.7
	Spain (Aug 14/15)	IBEX35	5,678.9	5,678.9	5,678.9	5,678.9
ASIA	China (Aug 14/15)	SSE	1,234.5	1,234.5	1,234.5	1,234.5
	India (Aug 14/15)	NSE	1,234.5	1,234.5	1,234.5	1,234.5
	Japan (Aug 14/15)	Nikkei	12,345.6	12,345.6	12,345.6	12,345.6
	Korea (Aug 14/15)	KOSPI	1,234.5	1,234.5	1,234.5	1,234.5
	Malaysia (Aug 14/15)	FTSEMYSE	1,234.5	1,234.5	1,234.5	1,234.5
	Philippines (Aug 14/15)	PSE	1,234.5	1,234.5	1,234.5	1,234.5
	Singapore (Aug 14/15)	SECI	1,234.5	1,234.5	1,234.5	1,234.5
	Taiwan (Aug 14/15)	TSE	1,234.5	1,234.5	1,234.5	1,234.5
	Thailand (Aug 14/15)	SET	1,234.5	1,234.5	1,234.5	1,234.5
	Vietnam (Aug 14/15)	VSE	1,234.5	1,234.5	1,234.5	1,234.5
AMERICA	Canada (Aug 14/15)	S&P/TSX	1,234.5	1,234.5	1,234.5	1,234.5
	USA (Aug 14/15)	S&P 500	12,345.6	12,345.6	12,345.6	12,345.6
	Argentina (Aug 14/15)	ARCE	1,234.5	1,234.5	1,234.5	1,234.5
	Brazil (Aug 14/15)	BVL	1,234.5	1,234.5	1,234.5	1,234.5
	Chile (Aug 14/15)	IPSA	1,234.5	1,234.5	1,234.5	1,234.5
	Colombia (Aug 14/15)	COLCAP	1,234.5	1,234.5	1,234.5	1,234.5
	Costa Rica (Aug 14/15)	CRSE	1,234.5	1,234.5	1,234.5	1,234.5
	Cuba (Aug 14/15)	CUBA	1,234.5	1,234.5	1,234.5	1,234.5
	Ecuador (Aug 14/15)	ECSE	1,234.5	1,234.5	1,234.5	1,234.5
	El Salvador (Aug 14/15)	ESSE	1,234.5	1,234.5	1,234.5	1,234.5

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Index	High	Low	52 Week High	52 Week Low
Argentina (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Australia (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Brazil (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Canada (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Chile (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
China (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Colombia (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Costa Rica (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Cuba (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Ecuador (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
El Salvador (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
France (Aug 14/15)	12,345.6	12,345.6	12,345.6	12,345.6
Germany (Aug 14/15)	23,456.7	23,456.7	23,456.7	23,456.7
Greece (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
India (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Indonesia (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Italy (Aug 14/15)	12,345.6	12,345.6	12,345.6	12,345.6
Japan (Aug 14/15)	12,345.6	12,345.6	12,345.6	12,345.6
Korea (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Malaysia (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Netherlands (Aug 14/15)	3,456.7	3,456.7	3,456.7	3,456.7
New Zealand (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Philippines (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Poland (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Portugal (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Saudi Arabia (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
South Africa (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
South Korea (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Spain (Aug 14/15)	5,678.9	5,678.9	5,678.9	5,678.9
Sri Lanka (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Sweden (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Switzerland (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Taiwan (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Thailand (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Turkey (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
USA (Aug 14/15)	12,345.6	12,345.6	12,345.6	12,345.6
Vietnam (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
World (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5

Index	High	Low	52 Week High	52 Week Low
Argentina (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Australia (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Brazil (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Canada (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Chile (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
China (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Colombia (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Costa Rica (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Cuba (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Ecuador (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
El Salvador (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
France (Aug 14/15)	12,345.6	12,345.6	12,345.6	12,345.6
Germany (Aug 14/15)	23,456.7	23,456.7	23,456.7	23,456.7
Greece (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
India (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Indonesia (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Italy (Aug 14/15)	12,345.6	12,345.6	12,345.6	12,345.6
Japan (Aug 14/15)	12,345.6	12,345.6	12,345.6	12,345.6
Korea (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Malaysia (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Netherlands (Aug 14/15)	3,456.7	3,456.7	3,456.7	3,456.7
New Zealand (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Philippines (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Poland (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Portugal (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Saudi Arabia (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
South Africa (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
South Korea (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Spain (Aug 14/15)	5,678.9	5,678.9	5,678.9	5,678.9
Sri Lanka (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Sweden (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Switzerland (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Taiwan (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Thailand (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
Turkey (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
USA (Aug 14/15)	12,345.6	12,345.6	12,345.6	12,345.6
Vietnam (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5
World (Aug 14/15)	1,234.5	1,234.5	1,234.5	1,234.5



## NEW YORK STOCK EXCHANGE PRICES

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# Dow slips on pleasing indicators

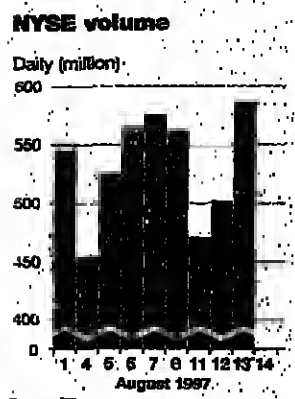
## Surge for RWE fails to underpin Frankfurt

### AMERICAS

A summertime calm returned to Wall Street in morning trading as two important economic indicators helped to lift bonds and the main stock market indices advanced modestly, writes John Labate in New York.

Blue chip and technology issues improved as the Dow Jones Industrial Average gained 16.73 at 7,945.05 and the Nasdaq composite index, which is heavily weighted in technology issues, put on 4.01 at 1,587.41. The broader Standard & Poor's 500 index was also up, adding 4.36 at 926.38.

Bonds advanced as the



Source: FT

consumer price index rose 0.3 per cent in July in line with market expectations. Industrial production figures also came in on target and as a result the bond market spent most of the morning on the upside. The long bond price gained 1/8 to 97 1/8, pushing yield down to 6.562 per cent.

The positive inflationary reports gave support to the widely-held view that the Federal Reserve will not raise interest rates when it meets next week.

"This data supports the notion that there still is decent growth without an

acceleration of inflation," said Mr Jeffrey Applegate, chief investment strategist at Lehman Brothers.

The calmer markets helped to boost certain sectors. "Pharmaceuticals, after being bludgeoned, are bouncing back," said Mr Joseph Battipaglia, chief investment strategist at Gruntal & Co in New York.

Concerns over whether the drugs sector could sustain high growth for the next few years sparked the recent sell off. Industry leaders, however, rose sharply yesterday.

Bristol Myers Squibb surged 3% or five per cent at \$79.40 and Merck rose 1 1/2% at \$44. Adding to the current calm in the market was stability in the dollar, according to Mr Battipaglia.

Large banking stocks also recovered as bond prices strengthened. Bank of New York was among the biggest gainers, adding 1 1/4% at \$47.40.

TORONTO showed no decisive trend in a morning of subdued volume. Golds moved lower, reversing Wednesday's solid gains. Market heavyweight Alcan Aluminium lost ground. At the noon calculation, the 300 composite index was little changed at 6,796.30, down 5.25.

Drinks and entertainment leader Seagram was an early feature, bouncing back from two days of losses as investors and analysts alike warmed to the group's upbeat annual results. The shares were 90 cents higher at C\$48.90 having shed C\$2.40 over the two previous full sessions.

Among golds, Barrick dipped 35 cents to C\$32.75 and Placer Dome came off 20 cents to C\$24.70. Banks ticked over. Royal Bank of Canada was 5 cents better at C\$63.65 at midsession. Alcan Aluminium fell 60 cents to C\$52.10 and Newbridge Networks lost 90 cents to C\$60.35.

### Sao Paulo moves ahead

SAO PAULO moved ahead strongly with volume picking up from Wednesday's doldrums.

At midsession, the Bovespa index was 138 or 1.2 per cent higher at 11,980.

Leaders found favour from the outset. Dealers said the early uptick on Wall Street helped sentiment but that the main upward drive came from local influences, notably the news that the government planned to offer additional shares in energy giant, Petrobras.

Market gains were wide-ranging. Petrobras added 1

per cent to R\$316. Telebras rose 1.7 per cent to R\$147.20. MEXICO CITY posted modest gains in morning trading. Telemex improved 15 centavos to 20.35 pesos and leading conglomerate Carso put on 20 centavos to 58.70 pesos. At midsession the IPC index was up 23.41 at 5,040.04.

SANTIAGO made a steady start to the day. "We're seeing solid volumes. The generally positive US figures have rekindled investor interest," said one broker. At midsession, the IPSA index was 0.93 higher at 131.47.

### Jo'burg down but off lows

The Johannesburg stock exchange ended down but off its lows as Wall Street's stronger opening caused South African shares to retrace some of their losses. The all-share index ended off 7.7 at 7,550.3 as the industrial index dropped just 5.0 to 9,239.1.

In the gold sector, shares continued their gradual climb on the back of stabil-

ity in the gold price, with the gold index gaining 15.8 to 1,041.9. Analysts were wary of serious resistance in the price of the yellow metal at the \$330 an ounce level.

Volumes on the day were healthy with R1,074bn worth of stock changing hands. Gainers and losers were broadly balanced as 188 shares went up and 181 saw their prices come down.

### EUROPE

Bourses mostly edged lower in thin trading in spite of a better day for bonds and in the absence of nasty surprises in yesterday's raft of US indicators.

FRANKFURT mirrored the broad trend with the Dax off 41.53 in electronic trading at an Ibis-indicated 4,195.53.

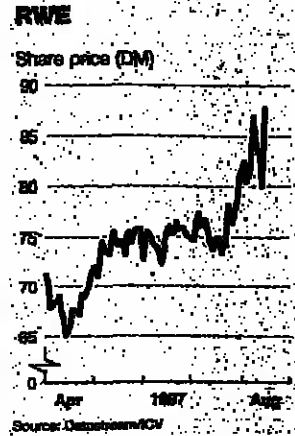
First-half results from BASF and news of a simplified shareholder structure at RWE gave traders food for thought in a session characterised by relatively modest volumes.

The biggest gainer in the Dax was RWE, which surged DM7.85 to DM27.50 after the diversified utility revealed plans for capital changes that were seen as opening the door to wider ownership of the shares.

The news sparked some of the heaviest trading volume ever seen in the stock. At the end of trading, 12.2m shares had changed hands in what brokers described as hectic two-way trading.

BASF fell DM3.70 to DM67.80 after bottom of the range six month figures, which included a big slide for plastics returns and an earnings gain of just 3.4 per cent overall.

As a result, chemical



Source: Reuters/FT

Wednesday, stayed under a cloud amid signs that analysts were becoming increasingly disenchanted with the sector's earnings qualities.

Goldman Sachs retained its market outperformer recommendation but reduced its earnings estimates by 3 per cent for this year and 7 per cent for 1998. Underlying trading performance is currently lacklustre, the broker says.

Deutsche Telekom came off 85p to DM39.55 amid continuing speculation - in the face of Deutsche Telekom's denial - that the company is interested in linking up with Olivetti's telecommunications businesses.

Motor stocks were mixed with Daimler Benz shedding

DM2.85 to DM149.10. BMW dropping DM55.00 to DM1,337 but Volkswagen gaining DM4.20 to DM1,513.20. Thyssen, where merger hopes have recently been running high, swung back on to the upside, edging DM12.50 to DM44.

ZURICH again fell heavily. The SMI index came off 98.7 to 5,583.4 for a two-day decline of nearly 5 per cent. Clear weakness among drugs leaders took most of the blame for yesterday's downturn.

Ahead of today's second-quarter results, Roche shed SFR380 to SFR13,390, while Novartis also found itself bumping along at the bottom of the performance charts with a decline of SFR60 to SFR2,219 in advance of next week's earnings statement.

SBC stayed dull, easing SFR2.00 to SFR4.13. Most analysts came out in favour of the group's second quarter numbers - announced on 10 points higher, but gains soon disappeared as the jittery intensified ahead of the release of US statistics. Although the figures were in line with expectations, the Dutch market remained in the doldrums.

Food company Nutricia was a big loser, giving up FI 9.40 or 2.6 per cent to FI 346.60. International blue chips lost ground with Royal Dutch losing FI 2.40 or more

### FTSE Asian Share Indices

August 14	Index	Day's %	Change	Yield	at bid	Total
FTSE 100	5051	-0.17	-1.83	2.84	0.00	571.05
FTSE 200	2247.72	-0.26	-5.97			
FTSE 300						
FTSE 400						
FTSE 500						
FTSE 600						
FTSE 700						
FTSE 800						
FTSE 900						
FTSE 1000						
FTSE 1100						
FTSE 1200						
FTSE 1300						
FTSE 1400						
FTSE 1500						
FTSE 1600						
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FTSE 2000						
FTSE 2100						
FTSE 2200						
FTSE 2300						
FTSE 2400						
FTSE 2500						
FTSE 2600						
FTSE 2700						
FTSE 2800						
FTSE 2900						
FTSE 3000						

Source: Reuters/FT

volume of 6.4m shares. Seita was the top performer among blue chips after reporting a slight rise in first-half sales. The tobacco group rose FF75.90 or 3.5 per cent to FF715.50. The biggest climber of the day was Geophyque, which surged 9 per cent or FF75.00 to FF700, while the biggest loser was electrical equipment group Legrand with a 2.6 per cent slide to FF1,121.

HELSINKI ended down but off its lows with a rash of first-half forestry reports failing to inspire the market. The HEX general index came off 24.81 to 3,576.04 in a thin market.

UPM led forestries down, despite half-year results coming in at the top end of forecasts. The share dropped FM2.20 to FM139.80. High tech leader Nokia was off FM41.00 at FM464.00, in line with its trading pattern on Wall Street.

STOCKHOLM also ended slightly lower in a market struggling to find direction. The general index fell 2.61 to 3,304.53 after fairly active trade in which shares worth Skr5.13bn changed hands.

Market heavyweight Ericsson and Astra moved in opposite directions. The telecoms equipment group slipped Skr1.00 to Skr355 while Astra added Skr2.00 at Skr135.50.

PARIS had a dull day with activity falling off sharply ahead of today's public holiday. The CAC 40 closed off 2.20 at 3,921.84 in minimal

than 2 per cent to FI 107.60 and Philips 40 cents to FI 155.80. Philips denied rumours that it was about to announce a foreign exchange loss.

KLM was an exception, picking up FI 3.50 or 3.6 per cent to FI 73.00 after positive comments by US company Northwest Airlines on scope for extensive cost savings resulting from the ties between the two carriers.

ASM Lithography jumped to an all time high of FI 188.00 before retreating to FI 185.90, a gain of FI 13.40.

PARIS had a dull day with activity falling off sharply ahead of today's public holiday. The CAC 40 closed off 2.20 at 3,921.84 in minimal

their upper daily limit of 3,760 as investors accumulated shares on hopes of government help.

MANILA fell for the third day running, closing at a 20-month low in light turnover of 1.5bn pesos.

The composite index gave up 58.59 or 1.3 per cent to end at 2,493.48.

The central bank cut overnight borrowing rates to 14 per cent from 18 per cent, but also raised banks' liquidity reserves on deposits and trust funds. After an initial rally, profit-taking was said to have quickly set in.

Firstliners that closed lower were Philippine Long Distance Telephone and Aysla Land.

TAIPEI closed higher, reversing three straight days of heavy falls. After a fairly volatile session, the weighted index ended up 78.32 at 9,632.94. Turnover was modest at T\$144.2bn.

Electronic led the rebound. United Microelectronics rose T\$8.5 to T\$123.5. Taiwan Semiconductor, off by the 7 per cent daily limit on Wednesday on stock overhang worries, ended all-square at T\$142.5. Textiles giant Hualon added T\$1.3 at T\$28.2.

BANGKOK shed 4.04 to 688.69 on the SET index after steady selling of financial shares. PTT Exploration found favour, rising BT4 to BT410 after announcing strong second-quarter results.

## Indonesian shares slide after currency moves

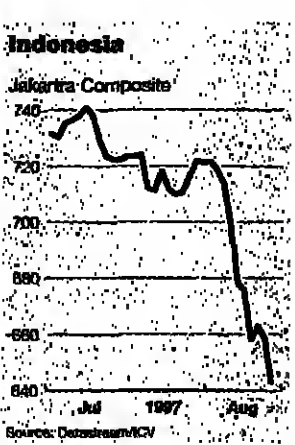
### ASIA PACIFIC

Shares in JAKARTA fell steeply after the central bank announced plans to abandon its currency intervention band, effectively floating the rupiah.

The rupiah moved sharply lower, sliding 5 per cent against the dollar at one stage, sparking heavy selling in the stock market. At the close, the composite index was off 15.58 or 2.4 per cent at 643.01.

Finance and banking shares were hit hard on fears that companies with large exposure to the foreign exchange markets would suffer depleted earnings.

Foreign investors also took to the sidelines and watched the currency market.



Source: Reuters/FT

Volume fell from 410m shares to an estimated 376m. Advances led declines 698 to 371 with 171 unchanged.

The Topix index of all first-section stocks rose 16.82 to 1,994.69 and the capital-weighted Nikkei 300 was up 3.42 at 282.59.

Among tech stocks, Advantest rose Y700 to Y12,500, Tokyo Electron Y330 to Y7,560 and TDK Y120 to Y9,640.

Other leading electricals and car makers also gained. Sony rose Y100 to Y11,500 following the previous day's slide. Toyota gained Y160 to Y3,260 and Honda Y130 to Y3,780.

Banks rose on buy-backs by foreign securities houses. Sakura Bank, the day's most active issue, rose Y18 to Y733, Industrial Bank of Japan Y10 to Y1,750 and Sumitomo Bank Y20 to Y1,910.

General contractors were mixed. Investors welcomed the previous day's announcement by Mitsui Construction of a rehabilitation programme, driving the stock up Y45 to Y215. Obayashi rose Y26 to Y731 and Kajima Y19 to Y802, but Tobishima Y12 to Y159 and Shimizu Y12 to Y598.

Securities houses mostly retreated. Daiwa Securities fell Y6 to Y754, Yamaichi Securities Y3 to Y740 and

Nikko Securities Y14 to Y71.

Fuji Television continued to fare well Friday, rising Y21,000 to Y21,000, but Nippon Television Network fell Y600 to Y4,680.

In Osaka, the OSE average rose 197.90 to 20,213.03 and volume swelled to 70m shares.

KUALA LUMPUR closed higher after the Malaysian government signalled it would act to slow down the booming economy by cutting down on some big projects. The composite index closed 9.71 up at 918.54, with brokers saying foreign selling of shares had abated.

Malaysian blue chips have lost about 12 per cent since

late July, when foreign hedge funds began selling down the ringgit on fears of an overvalued economy. Telekom Malaysia picked up 20 cents to M\$9.00 and Malaysian Bank rose 10 cents to M\$2.60.

SEOUL dipped as investors took profits after recent gains in blue chip shares. The composite index was off 6.95 at 755.78, although advances led declines by 389 to 377.

Samsung Electronics shed Won1,200 to Won73,500 after a poor first-half earnings report.

Korea Electric Power lost Won1,100 to Won25,700. Shares of Korea First Bank closed up Won150 at Won3,640 after opening at

their upper daily limit of 3,760 as investors accumulated shares on hopes of government help.

MANILA fell for the third day running, closing at a 20-month low in light turnover of 1.5bn pesos.

The composite index gave up 58.59 or 1.3 per cent to end at 2,493.48.

The central bank cut overnight borrowing rates to 14 per cent from 18 per cent, but also raised banks' liquidity reserves on deposits and trust funds. After an initial rally, profit-taking was said to have quickly set in.

Firstliners that closed lower were Philippine Long Distance Telephone and Aysla Land.

TAIPEI closed higher, reversing three straight days of heavy falls. After a fairly volatile session, the weighted index ended up 78.32 at 9,632.94. Turnover was modest at T\$144.2bn.

Electronic led the rebound. United Microelectronics rose T\$8.5 to T\$123.5. Taiwan Semiconductor, off by the 7 per cent daily limit on Wednesday on stock overhang worries, ended all-square at T\$142.5. Textiles giant Hualon added T\$1.3 at T\$28.2.

BANGKOK shed 4.04 to 688.69 on the SET index after steady selling of financial shares. PTT Exploration found favour, rising BT4 to BT410 after announcing strong second-quarter results.

## IMPLATS

### IMPALA PLATINUM HOLDINGS LIMITED

Registration No. 57101797906

**The main developments of the financial year ending 30 June 1997 for the Implats group were:**

- continued Russian willingness to de-stock into oversupplied markets in the first half of the year caused dollar metal prices to be lower by 8% over the year
- shortages of Russian supplies in the second half of the year reduced market inventories and stimulated price rises in the last few months
- rand market prices increased by 9%, following the weakening of the rand in February 1996
- rand revenues per ounce of platinum were 8% up, due to the normal lag in contract pricing and the unwinding of forex commitments
- further volatility and lack of progress in the relationship with the Bafokeng community
- a good production year in a stable labour relations environment
- successful commissioning of the Enhanced Precious Metals Refinery
- a 5% increase in platinum produced to over one million ounces
- an operating cost increase of 12% combined with higher volumes to contain the increase per ounce of platinum to 7%
- higher turnover (14%) and cost containment (8%) gave a 55% increase in mining income
- the 26% increase in income after royalties and taxes was diluted by a disappointing contribution from our investment in associates
- a 17% increase in attributable income and a 10% increase in total dividends
- a final dividend of 80 cents per share has been declared payable to members on 2 October 1997

FINANCIAL	1997	1996	% change	
Turnover	(Rm)	2 633	2 317	14
Income from platinum mining		321	207	55
Income before taxation		359	288	22
Attributable income	(Rm)	285	176	17
Earnings per share		330	282	17
Dividend per share		110	100	10

OPERATIONAL	1997	1996	% change	
Platinum production	('000 oz)	1 002	954	5
Cost per platinum ounce refined	(Rm)	2 186	2 049	7

**PROSPECTS**

Indications are that Russian platinum sales will not be maintained at the levels of the past few years and this should balance the market in the near future. The anxiety created by the delay in Russian deliveries of platinum and palladium during the first half of 1997 has created a climate of uncertainty and users could be forced to review their strategic consumption of these metals. Given our view of the changing Russian situation the fundamentals of the platinum industry appear to be improving.

A new operational vision has revitalised our employees and created a sense of purpose and direction. Together with identified working cost initiatives, increased volumes from the mines and our capital efficient decline systems, the company is well positioned to benefit from improved metal prices and to further increase earnings.

**IM McMahon**  
Chairman

**SV Kenney**  
Managing Director

**Johnannenburg**  
13 August 1997

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*A copy of the Chairman's Statement and Financial Results is available on Internet at the following address: <http://www.implats.co.za>. Alternatively, please contact the Group Secretary, c/o E-Net at [enquiries@implats.co.za](mailto:enquiries@implats.co.za). Telephone: 011-236-2800 or by post at P.O. Box 6136, Mintzberg, 2107, South Africa.*

### FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

REGIONAL AND NATIONAL MARKETS			WEDNESDAY AUGUST 13 1997						TUESDAY AUGUST 12 1997						DOLLAR INDEX			
Figures in parentheses show % change from time of stock			Local Dollar Index	Day's % Change	Yen Index	DM Index	Local Currency on day	% chg. on day	Gross Div. Yield	Local Dollar Index	Day's % Change	Yen Index	DM Index	Local Currency 52 week	High	Low	Year ago	
Australia (76)	229.78	-0.2	215.55	167.75	218.78	205.55	-0.8	3.71	230.30	128.84	158.80	222.99	207.50	243.87	198.69	199.21	198.69	
Austria (28)	187.83	-0.3	185.90	144.44	188.39	188.27	-1.4	1.75	197.23	168.27	144.55	180.97	180.86	200.00	174.70	181.47	181.47	
Belgium (28)	238.40	-0.2	224.80	174.79	227.98	222.22	-1.5	3.08	228.62	225.51	175.28	222.24	221.44	211.51	213.92	217.47	217.47	
Brazil (30)	285.84	0.4	288.17	208.70	272.15	571.35	0.4	1.29	284.92	267.55	308.75	583.18	322.44	172.54	178.27	178.27	178.27	
Canada (128)	217.21	-0.2	203.78	188.99	206.83	218.95	-0.3	1.65	217.54	204.44	199.51	210.73	218.56	224.03	199.58	199.58	199.58	
Denmark (32)	300.63	-0.2	290.67	285.26	272.15	370.58	-0.3	1.38	285.18	289.95	280.85	371.01	368.61	421.25	315.48	318.51	318.51	
Finland (28)	308.53	0.7	298.83	225.56	294.17	355.65	-0.7	1.55	308.73	288.13	224.81	298.59	328.43	314.05	285.36	210.08	210.08	
France (69)	224.56	-0.6	210.57	183.98	213.83	217.48	-2.2		225.83	213.14	185.32	218.66	222.43	237.57	187.20	188.06	188.06	
Germany (128)	218.15	-0.1	219.58	188.79	220.13	220.13	-0.1	1.89	218.50	190.37	184.84	218.50	218.50	218.50	218.50	218.50	218.50	
Hong Kong, China (68)	589.81	0.7	634.58	118.03	542.96	566.50	0.7	2.71	555.84	512.14	514.57	547.87	562.37	580.00	421.41	427.41	427.41	
Indonesia (27)	202.42	-0.1	189.91	147.79	182.75	335.57	0.0	1.97	202.68	190.37	148.34	186.22	322.68	254.80	183.82	197.79	197.79	
Italy (28)	240.48	-0.1	237.33	173.23	235.21	235.21	-0.1	1.80	237.32	230.00	173.40	361.17	367.55	374.94	294.36	297.48	297.48	
Japan (128)	98.76	0.1	92.68	72.12	94.02	132.13	-1.4	1.80	97.82	92.68	72.12	94.02	132.13	92.68	72.12	94.02	94.02	
Malaysia (68)	132.48	0.5	124.28	96.73	126.18	86.73	0.1	0.81	131.51	123.82	96.51	127.63	92.81	108.58	107.57	107.57	107.57	
Netherlands (27)	399.24	1.2	374.56	281.90	380.17	426.31	1.1	1.83	394.40	374.08	289.07	381.87	421.68	690.35	544.92	544.92	544.92	
Norway (27)	1783.05	-0.1	1682.21	1308.15	1727.99	1526.92	-0.2	1.47	1750.82	1692.04	1312.42	1727.94	1634.94	1864.98	1186.54	1204.51	1204.51	
Portugal (28)	202.42	-0.1	198.21	147.79	182.75	335.57	0.0	1.97	202.68	190.37	148.34	186.22	322.68	254.80	183.82	197.79	197.79	
New Zealand (14)	88.75	-1.7	81.39	63.34	82.61	71.78	-2.2	4.05	88.24	86.96	64.12	76.97	65.44	73.43	68.47	80.91	80.91	
Sweden (48)	326.89	-0.6	306.50	238.53	311.08	359.57	-1.4	1.82	328.65	306.72	238.20	312.81	341.72	320.72	246.29	247.20	247.20	
Switzerland (14)	140.21	0.2	131.54	102.87	135.25	155.18	-0.6	1.04	136.85	131.37	102.80	136.41	101.42	214.07	138.54	140.21	140.21	
Thailand (28)	240.48	-0.1	249.59	198.23	249.01	236.01	-0.1	1.28	242.95	232.18	191.36	232.06	232.06	246.34	194.08	194.08	194.08	
Turkey (28)	354.44	-0.5	332.53	258.75	337.51	380.85	-0.7	2.41	336.36	334.74	261.18	345.05	363.45	370.12	301.48	333.15	333.15	
United Kingdom (68)	245.26	0.1	230.10	170.77	233.64	287.84	-1.4	2.31	244.92	230.07	178.51	237.14	281.56	278.05	173.01	178.05	178.05	
United States (48)	504.24	-1.8	472.22	367.50	470.29	588.45	-2.1	1.74	512.39	481.32	375.65	498.11	607.51	512.39	392.11	512.39	512.39	
West Germany (28)	304.21	-0.2	292.22	225.56	294.17	355.65	-0.2	1.55	304.73	288.13	224.81	298.59	328.43	314.05	285.36	210.08	210.08	
Yen (128)	91.75	0.1	55.45	43.35	55.45	72.64	1.0	4.25	55.72	55.16	43.03	55.45	72.64	55.45	43.03	55.45	55.45	
Yen (128)	310.95	-1.2	291.72	227.05	296.09	291.72	-1.3	3.48	314.71	295.63	226.06	304.71	295.63	325.25	240.35	240.35	240.35	
Yen (128)	374.38	-0.4	351.22	273.33	356.47	374.38	-0.4	1.86	375.85	363.80	275.47	353.91	375.85	363.80	275.47	353.91	353.91	
Australia (76)	242.40	-0.4	31.38	250.06	326.13	285.54	-0.4	1.64	343.77	329.93	251.96	332.86	288.62	255.45	242.47	245.93	245.93	
Canada (128)	274.14	-0.6	257.18	201.05	281.04	287.04	-1.9	2.40	278.70	278.92	202.80	287.91	272.16	218.88	204.41	212.88	212.88	
Denmark (32)	152.05	-0.6	40.10	312.54	407.42	442.42	-1.5	1.57	431.33	405.18	316.14	417.83	442.22	378.88	307.74	308.74	308.74	
France (69)	120.25	-0.5	140.98	180.70	143.57	180.70	-0.5	1.28	141.91	138.14	180.81	144.90	148.27	163.27	127.18	136.77	136.77	
Germany (128)	201.87	-0.5	185.17	147.79	182.75	335.57	-0.5	1.97	202.68	190.37	148.34	186.22	322.68	254.80	183.82	197.79	197.79	
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Japan (128)	201.87	-0.5	185.17	147.79	182.75	335.57	-0.5	1.97	202.68	190.37	148.34	186.22	322.68	254.80	183.82	197.79	197.79	
Malaysia (68)	201.87	-0.5	185.17	147.79	182.75	335.57	-0.5	1.97	202.68	190.37	148.34	186.22	322.68	254.80	183.82	197.79	197.79	
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Yen (128)	201.87	-0.5	185.17	147.79	182.75	335.57	-0.5	1.97	202.68	190.37	148.34	186.22	322.68	254.80	183.82	197.79	197.79	
Yen (128)	201.87	-0.5	185.17	147.79	182.75	335.57	-0.5	1.97	202.68	190.37	148.34	186.22	322.68	254.80	183.82	197.79	197.79	